Competition of Capitalists

IV. Growth through centralization of capital: The competitive struggle to overcome competition

§ 19 Concentration of capital in one hand[1]

1. Size of capital: a company's prime means of survival, because it is the weapon that excludes others from using the market and its ability to pay

To survive in the competition for growth through increased capital productivity, the crucial thing for a progress-minded industrialist is the size of his capital. His means of competition is to equip the workplaces in his factory so as to make the work performed at them more effective. The point here is of course not to increase performance altogether, but to increase the efficiency of *paid* labor. Labor is treated as a *cost* factor, with its *performance* as a *production* factor — the two together constituting labor's productivity — being crucial for how profitable the company is. The capitalist is willing to spend quite a bit to improve this relation between the wage bill and the mass of salable product; he invests plenty to make his labor yield more as the source of profit he pays for. The important thing to him here is not merely to obtain more profit per labor cost as such, but to be better at it than competitors. That costs a pretty penny. The consequence is that the increased return on total capital, i.e., the growth potential generated with all that "technical progress," lags behind the increased productive force of labor.

Industrialists encounter this contradictory consequence in the market for their products, where their investments in more productive labor must pay off with profits that are all the higher. After all, the ability to pay they lay claim to does not grow accordingly just because businessmen want to achieve a higher return with more product per wage payment. Rather, when "labor-saving progress" becomes established everywhere, the opposite tendency occurs: reduced wage payments limit "buying power." When the trade unions notice this, their main argument for higher wages is, of all things, what the whole purpose of businessmen's "rationalizing" investments is and altogether a necessary effect of the general "technical progress" the trade unions themselves welcome. For, all in all, by competing against each other capitalists establish

the general business condition that, with every success of theirs, at the same time makes it harder for them to earn money. In their struggle to survive by gaining price advantages when it comes to exploiting the labor factor, they force each other to make the same kind of changes in their factories to lower the prevailing market price and thus curtail or completely eliminate the yield of their progress. In this way they compete for the market's reduced ability to pay that their competition has led to — shifting to the market the contradiction they get going in their factories between labor productivity and the capital productivity this labor productivity advances and at the same time reduces.

On balance, competing becomes more and more expensive, success more and more questionable. For a company's growth, and ultimately its survival, everything depends on it being large enough to be able to mobilize sufficient advances for investments in more effective workplaces whenever required. But the more costly the investments, the more problematic the rate of growth that can be achieved with them. This is not what sure survival looks like.

However, the way out is already clear to the capitalist competition pros. To them, the reason they are compelled to keep fighting for the required yield of their expensive progress over and over again and with ever harsher measures lies with their competitors, who they are constantly pressuring and who are constantly pressuring them accordingly. And it is no solution to keep investing in ever more productive work. The matter has to be brought to an end, i.e., one must explicitly and resolutely pursue what has always been part, and actually an intention, of competing for growth through superior productivity. One must eliminate competitors, whose actions and reactions are constantly ruining the well-deserved advantage of one's efforts to achieve superiority. They must be pressured so hard that they have no chance to counter with the means of increased capital productivity that they can attain. Now the size of a company's capital is all the more important. It is no longer merely a means of confronting competitors with productivity advances that force them to make expensive — perhaps *too* expensive — adjustments to the new competitive situation in the form of a lower price level; it is now also and primarily a weapon for denying them access to the market's ability to pay altogether. Investment is required in making one's own own production operations more effective, but above all in directly expanding them. It must be on a scale calculated to prevent the strongest rivals from keeping up, on a scale aimed from the outset at taking up the entire ability to pay the industry lives on. The order of the day is to build up excess capacities the company can use for flooding the market. This may lead to economies of scale that even relieve the balance sheet, but that mustn't be crucial for the mass offensive. What counts is the size of one's capital making it possible to forego a return that would make the oversized advance worthwhile, or even to forego profit altogether — at least longer than competitors who can't afford to pay for a similarly powerful grip on the market. The company might have to set cutthroat prices, incurring losses until it has driven its opponents to give up or has ruined them. Such losses are not the unintended side effect of an advance that has turned out to be too large, but are

strategically planned and deployed to eliminate opponents and subsequently reap all the profits to be had on a market serviced so comprehensively. Assuming sufficient power of capital, this makes a deficit in the balance sheet productive for growth. Achieving growth solely through the power of capital size, by excluding others from making profits — this can also be done on other fronts, for example through massive, targeted investments for expanding the vertical integration of production operations. By taking over their suppliers' business all the way back to raw material extraction, and their commercial buyers' business all the way forward to the final product, companies can oust business partners from value creation in their line of work as they see fit. They start treating them only as adversaries that are no longer entitled to any profit from the market for *their* products, and proceed to appropriate their sales and profits.

The opportunities and risks of this struggle for survival are constantly present in the capitalists' calculations in the form of such odd — strictly speaking, not even economic — inspirations as a "war chest": managers build up such reserves as a precaution in order to be able to finance an effective attack or the necessary defense if required.

2. Growth before and instead of competing? Or after and without? In any case, it is clear that the capital of *others* is a barrier that has to be removed

Capitalists keep streamlining their operations in order to force their competitors out of the market with all their might so that they themselves have exclusive use of the market's ability to pay. What they do in their factories turns the logic of growth upside down, the logic they have been obeying and that has brought them their capital power. The growth of their productive assets now no longer comes after or follows from the competitive success they are achieving, bit by bit. They are investing in a way and on a scale that anticipate the competitive success the investments are to achieve. Of course, this is always true to some extent; it already holds, strictly speaking, for an advance of capital that is to return a yield; likewise when earnings are invested in expanding operations; and especially when a capitalist then comes up against the barriers of the market and makes increasing productivity his means of competing for sales and profit. But now something else is at hand. None of that guarantees lasting growth or sure survival. That is why, if their capital is big enough, businessmen break free of this kind of competition and make a leap with a different speculative quality: they anticipate a kind of success in supplying the market, i.e., exploiting its ability to pay, that is definitive, because it is exclusively theirs. They build up capacities that are based on the competition already being won since they outdo all their rivals' potential. They flood the market with their own goods as if they had already secured all the sales the market has to offer allowing them to secure these sales. They forego profit, even knowingly incur losses, being sure that they will end up with all the profit they have always been competing for.

The capitalists are following a strategy that is somewhat contradictory but definitely quite ambitious from a speculative point of view: to expand production in advance of competing over sale of the products so as to get out of actually having to compete on the market, which is never a sure thing. Or, to put it the other way round, exclusively "owning" the market is the main idea behind and criterion for expanding production operations, without paying any attention to their competitors' machinations, strategies, or successes. The standpoint they set to work with is that of *having no competition*.

The success the big industrialist is after, and that he is banking on by taking it for granted, stands or falls with the size of the capital he is able to deploy. The quantity of his operating assets compels and empowers him to go the way of overcoming competition in order to continue to grow; it is *the* means of achieving this end. When it is expediently used, this puts it to the test, thereby putting it at stake. This makes its increase by driving out competitors, its given purpose, into a necessity. This purpose, to which there is no alternative, is delivered on with every competitor that is eliminated, and *only* that way. The presumptuous standpoint of having no competition comes true with every other business that has to give up. So it is practiced ruthlessly and unconditionally. Now the point has been reached where it is, once and for all, no longer necessary to overcome any specific rivals with their successes and particular initiatives. Every capital in others' hands that is still roving the market that one has claimed for oneself is a disturbance that has to go. This is only logical for a company that has geared its operations in anticipation of total market success.

This radical way of proceeding is the end point of how capitalists typically see and deal with the limit they put on their own growth by engaging in the contradiction between increased labor productivity and resulting capital productivity. This limit presents itself to them as the disparity between the general ability to pay created by capitalists in their totality and the claim on this ability to pay that each growth-seeking capitalist raises for himself and against all the others. Being market-economy pros, their reaction is to see their competitors as limiting and challenging them. In this case too. But the challenge here is to follow through with the point of view of not having to compete after putting it into practice in one's own operations; that is what gives this antagonism its new quality. In the large-scale industrialist's clean sweep to become the real collective capitalist of his metier, he directly runs up more and more against the limits of his market's ability to pay, and that makes his company's growth so definitely incompatible with the capital of others.

And this happens in such an abstract and fundamental way that capitalists do not merely find themselves immanently incompatible with competitors in their own market segment, but start looking this way at all spheres of capitalist business.

3. "Fight" for investment spheres

Growth by concentration of capital in one hand is restricted by particular use-values that a company has become large and powerful by producing (often in an increasingly monopolistic way). Such use-values are no longer a tried and tested means for attaining

its capitalist objective, but improperly constrict and hold back the development of of its operating assets' productive force. The capitalist now gets even more serious about the principle that has been decisive for his actions from the beginning: that use-values are indifferent vehicles for the growth of his capital and are of interest solely as such vehicles, i.e., they are absolutely interchangeable. So his calculation does not merely go beyond his traditional industry, considering that an option available any time. It takes aim unconditionally at the capitalist business world as a whole, regardless of the sector. He looks everywhere, using any kind of product, to take up societal ability to pay to benefit his own growth. It is not simply a matter of like-minded colleagues getting active in other business areas, but rather competitors getting active everywhere whose profits are taken to be a deduction from the potential that should basically be within reach of one's own wealth and needs to be monopolized to increase that wealth.

In this strategic view of things, the whole wide world of capitalist business presents itself as a multitude of *investment spheres* to be functionalized for one's own growth. So companies that are big enough go into sectors that are new to them. They do not have the modest intention of participating in these accumulation processes as well and working their way up within the framework set by shrewd competitors. They instead have the power and the will to take over production as a whole, industry-wide. Regardless of whether or to what extent a company actually manages to do it, successful capitalists pursue a growth strategy that ultimately boils down to wanting to extend their regime over entire sections of society's total capital; against all others and to their detriment.

They are not content to invest in business spheres that already exist: they create new ones. Sometimes they become inventive themselves, sometimes they take advantage of the fact that their successes in monopolizing entire industries inspire ambitious capitalists on the rise and business-minded inventors to start experimenting with new use-values and production methods. Companies founded on such a basis, depending on how successful they are or promise to be, become takeover targets and an additional means of growth for large corporations. So busy capitalists are constantly bestowing new things on everyone. They establish the corresponding branches of production including workplaces and employment, and create the "markets of the future" that go with them. They do not shy away from the speculative nature of these markets nor from the exorbitant costs required for introducing something really novel and keeping its complete production in their own hands as far as possible. This not only involves quite a bit of development work, it requires that one's in-house technology departments be tightly sealed off from outside and hostile industrial espionage be warded off, while one of course constantly tries to steal other companies' trade secrets. These are expensive by-products of the way big progressive capitalists struggle to survive. Companies that can do all that thanks to their size bring products into the world that set society's living and work processes on a new track in decisive areas, without that having been planned for or foreseeable from the start. They keep on proving over and over — much more

solidly than their advertising people do in their way — that people's needs are the product of all the new, so grandly promoted commodities and of the manifold demands and necessities that working people have to comply with due to the modified manufacturing processes of these goods. And such companies show just as clearly the logic that this evolution is following: with the might of the capital concentrated in their hands, strong companies launch industries never before seen — their launch often being termed a "revolution" later — *solely according to the exigencies and in the rhythm of their growth*, periodically causing them to reach the limits of the needs that society is able to pay for. Society's labor and life are materially subsumed under the capitalists' needs in ever new forms, the only reason for this being that nothing counts but boundless capital growth, and the *size* of these companies' capital gives them the power to keep recreating the bourgeois world as a derivative of their capital *growth*. And the only purpose and the only result of this are that *everything remains the same* when it comes to the essence of this kind of political economy: capital keeps growing beyond all the limits that are reached, resulting in the constant necessity to seek and create new business areas.

4. Monopoly — Expropriation

When large corporations "fight" for control over entire sectors of society's production, whether traditional or newly created, they are working to realize an ideal that all capitalists harbor because it is an ideal of competition quite generally: to have a *monopoly on profit*. They pursue *their* growth directly against others, strategically aiming at them. The private owners of capitalist wealth are of course not the least bit interested in growth as an increase in such wealth *in toto*. They are competing for a monopoly, and growth should either go lock, stock, and barrel to their own company or it is undesirable because it increases the capital of others. Thus, the antagonism characterizing the capitalists' business activities from the beginning — the incompatibility of their identical interests — now reaches a new level. According to the logic of the political economy of productive private property that they are putting into practice, what they are ultimately after is *expropriation*. It is the purpose of their economic activity, and at the same time the means serving this purpose, to attack the property that is the basis of their competitors' existence.

This attack is so extensive that it is essentially directed against the basis of *all* their competitors' existence, i.e., *the entire class* of capitalists. The biggest of them are out to get *exclusive possession* of the legally protected capitalist "business model," private enrichment through wage labor being made ever more productive. And every step of the way they expropriate their class comrades a bit more: a remarkable "highest stage" of the competition of capitalists.[i]

This is not to be confused with any self-abolition of the regime of private property over society's work and material wealth. The big business players are out to *complete this* regime, which they equate with *their* regime. This involves following a script of their own. The free-market agenda now includes new customs when it comes to how

capitalists deal with each other when getting their hands on the market (§ 20). It is a challenge for the state to protect private property against the might of the expropriators (§ 21). Capitalist property takes on entirely new forms that combine competition and credit and even collectivism, new economic figures enter the stage (who have become quite usual nowadays), growth changes into episodes of capital destruction (§ 22). Political rulers manage business cycles and globalization (§ 23).

§ 20 The struggle for control over the market

Nothing beats the free market. It offers every enterprising citizen opportunities and scope for freedom. It automatically ensures efficiency and optimal satisfaction of all needs. That is how the free-market system sees itself. And which enlightened capitalist or manager would want to disagree? The only thing is that what they do looks a little different. Equal opportunities only mean something to them as long as they expect better ones for their own business. They do everything they can to ward off the risks of free competition by taking steps to adjust — or, as rivals would say, manipulate — market developments in their favor. No activist of the system will bow to the judgment of the market just because that is supposed to be a principle of the brand of economy bearing the name. Especially when a company is out to subject the market to its own working capital's power that is programmed to monopolize profitable production. Here is why.

1. Strategies for overcoming free competition

In the struggle for growth by taking over and incorporating others' capital, it is not enough to expand one's own production capacities and develop expedient business procedures. From the outset, expanding operations on a scale calculated to leave no room for competitors goes hand in hand with taking over competitors' market shares. And this is not done by establishing a lower selling price as the new market price putting competitors at a disadvantage; that path has proved increasingly unsuitable if the profit rate is to justify the growing capital outlay. It is done by directly intervening in market developments at others' expense. Objectives such as "securing market shares," "controlling market access," and ultimately "dominating the market" become decisive for acquiring possession of others' capital.

In the day-to-day market economy, this starts out with shaky alliances even between smaller companies: with price-fixing, cartels, deals to divide up markets, in terms of region or product type. Such alliances — like all associations in the bourgeois world — are as durable as they are useful for the purpose at hand, in this case eliminating third parties. They are shaky because they are based on the self-interested calculations of contracting parties who are acting autonomously. More control is achieved by mergers with colleagues; whether by "merger of equals," or by friendly or hostile takeover, i.e., by buying out the other with or without its consent. Under the heading "Mergers & Acquisitions," capitalists have invented various ways to centralize capital via free market

relations. When they are successful, experts praise the result as "consolidating the market." In the case of up-and-coming young entrepreneurs, it is a good idea to buy them out by way of generous support before a rival snatches away a potentially interesting business idea. And so on. Another invention that helps establish market relations unfettered by equal opportunities for autonomous profiteers is the vertical networking of companies: an exclusive kind of cooperation with suppliers and buyers including the establishment of value chains that ideally do away with the partners' independence altogether. That too might start off with shaky agreements; forming a "vertically integrated" large concern may be the final solution, but need not even be the best one. In any case, such business relationships are one way for companies to use the market to bring about their growth by concentrating capital in their hands, ultimately expropriating and acquiring others' capacities. They handle each other aggressively to resolve the contradiction that in their growth strategy, the achieved size of their capital is supposed to be the means for growing to surpass themselves.

After all, such methods of attacking other market participants do not make it unnecessary for companies to continue using their techniques of streamlining and expanding their production operations so as to ruin other firms' prospects of asserting their independent existence. Rather, the market methods are based on a company trusting in its tried and true exploitation and business procedures, being ultimately worth only as much as a company's capacity to monopolize business with the mass and productive force of its capital. But they are an indispensable means for a self-surpassing company to bring to bear, in accordance with its self-imposed goal of growth, the command over society's labor, productive force, and productively usable resources that its production operations embody, *without hindrance*. These market methods are a way of avoiding being obstructed by autonomous competitors, by unpredictable effects of free competition. They eliminate the anarchy of the market as the acid test for the strategy of investing in expanding one's own potential to overwhelm and eliminate, expropriate, and swallow up competitors.

2. How commerce contributes to the fight to control the market

The market is subjugated by and to the power of centralized capital by way of companies' competitive struggle to be autonomous and subordinate others. Their strategies therefore vary between more or less voluntary agreements and blackmail and destruction of others as circumstances require. Having a monopoly does not remain a distant ideal, but becomes the serious object of corporate sales planning and the goal of competition. The other competitors include not only other manufacturers but of course also the greats of the merchant class. The manufacturers are doing everything they can to use their power and influence to make suppliers and customers dependent on them, subject them to their command, unite production and trade under their control, and outmaneuver competitors. The merchants have long since stopped merely serving the industrialists' business and are now themselves actively working from their side to abolish the separation between the production of goods and their circulation. They make

manufacturers dependent on the intermediary services they offer with increasing reach and perfection, nowadays at ever higher levels intensively and extensively via the Internet. They are in charge of entire branches of production. And they can't be easily driven out of the creation of integrated value chains: as they grow in size, the leading merchant companies become interested and able to go beyond merely organizing commercial transactions and start intervening with software "solutions" in their corporate customers' bureaucracy and in the control of their production processes.

Commerce makes a really decisive contribution when it comes to eliminating the enormously bothersome element of unpredictability in final sales to the end user. It is of course already working on the great project of trying to make the ideal of manipulation come true by means of advertising in the interests of getting a firm grip on the market's ability to pay. A crucial breakthrough has been achieved in this area by telecommunications companies, the manufacturers of versatile handheld computers, internet providers, and, in a leading function, the "social media," those advertising concerns that are omnipresent in the private lives of modern smartphone users. They have all succeeded in establishing a matching service between offered goods and buyers' ability to pay that is so all-encompassing, across-the-board, active around the clock, while even addressing the end consumer quasi-personally, that practically no company that has anything to sell to the general public can get around paying to use this function. In the tradition of retail chains that set up production firms to supply them, service providers with plenty of capital integrate large parts of trade and production under their control going backwards from the end point of the capitalist business process. These companies and a handful of others are working to go beyond the sales act and make consumption itself the object of a salable service, thereby combating the final customer's arbitrary choices as the last element of uncertainty when it comes to capturing his buying power. Together with financially strong speculators who are betting on this, they promise another one of those technological "revolutions" by which capitalist industry, in its struggle to keep unfettering its growth anew, turns people's accustomed world of life and work completely inside out so that capital can continue expanding the same as always.

3. Sovereignty over the price of labor, undisturbed

The capitalists' competition for control of the market gives rise to common fronts against third parties, and ends them. The same fanatic need to be free of all inaccessible business conditions that is at work here leads to steadfast unity in the propertied class's relationship to the wage-dependent class. Capitalists are faced with a permanent adversary interest here. They are fundamentally in agreement on this front, putting their antagonisms aside in favor of their common demand for optimal conditions for exploitation. Large companies, whose interest in growth and resulting strategy extend beyond their traditional metier to all branches of business, take the wage and work performance relations in all industries as directly relevant to their own operations. In this respect they actually calculate and act as agents of society's total capital.

With this claim to sovereignty over the market price of the entire nation's labor and the working hours in all sectors of capitalist business, capitalists face an opponent that they really never asked for, but that they created every reason for by pursuing their strategies of depressing wages and constantly increasing labor productivity as a means of capital productivity. They face *trade unions*, which represent labor's defensive interest in earning a livelihood under tolerable working conditions. This interest is left by the wayside when workers do what their jobs require, under the regime of the factory owner. So they have no choice but to fight for their livelihood — alongside doing their jobs — as free participants in the market, i.e., the labor market, who face the capitalists as contractual partners. The experience of being powerless as individuals makes them — or at least a respectable minority of the class — realize it is necessary to suspend their competition among each other, act as a collective, and make the terms of their employment a subject for negotiation. In order to be taken seriously in this by the other side, they need a countervailing power against the factory owner's command. This can only be achieved where they are needed, in the workplace; by refusing to do the work they are paid to do, i.e., by the paradoxical means of interrupting their own earning of money — which they need to live — in order to force the employer to make concessions: through *industrial action*. On the workers' side, this does not merely require the virtue of solidarity, it requires a permanent organization financed by its members to introduce the refusal to work as a form of struggle, set strike objectives, lead the struggle, compensate for the loss of wages with dues collected in advance, and withstand the employers' counterattacks involving strikebreakers, lockouts, etc.

And to decide when to stop fighting too. For the *power struggle* the two sides are waging pits irreconcilable existential interests against each other, but is actually quite asymmetric. One side is fighting to enrich itself by being able to use its power over society's labor without hindrance. Unionized workers are suspending services they have agreed to do, but not their willingness to serve. By going on strike they are putting their livelihood at risk, but they are not fighting against their dependency, against the reason why they have to keep putting up a fight, only for corrections to be made in the modalities of their wage labor. They are fighting for collective agreements for wage earners of one industry, one occupational group, sometimes only one company. This is the context of their militant actions when necessary, and that also defines their scope. Moreover, the state makes sure that they exist only as fighting organizations in conformity with the system. Thus, the capitalist class, united in its will to control the labor market, is faced with trade unions that prove to be a reliable contractual partner for its need to have market conditions for the "labor factor" that secure and keep increasing the productivity of labor.

The latter applies particularly to large companies that succeed in consolidating the market by eliminating smaller firms, possibly integrating them into their own corporation, or in merging with a rival. It is then routinely necessary, under the rubric of 'synergy effects,' to dismiss a whole lot of personnel who have suddenly and

quasi-automatically become redundant. This lightens the wage bill both directly and over the medium term by intensifying the selection that is carried out as competition in the workplace. Supplying the labor market with additional jobless workers adds to the employers' power over the price of labor as a whole.

Of course, this boon has its downside:

4. This is not the exclusive control over the market that is desired

Capitalists save wage costs by uniting against possible industrial action on the part of their staff, eliminating competing firms together with their presumably overpaid workforce, through the quasi-automatic saving effects of centralizing capital in one hand, through the biggest companies' growing power to drive technological progress when it comes to exploiting the labor factor, etc. This saving of wage costs at the same time reduces the general ability to pay that capitalists lay claim to and need. So it inevitably leads back to the contradiction between size and return on capital that shows itself in sales problems slowing down company growth. Monopolies, when achieved at least approximately, empower successful companies to get hold of profits previously earned by others. But the profit itself that the monopolist can now make does not grow at the same time. Even monopoly prices at best redistribute this profit so that it becomes all the more attractive for other firms to enter into intensified competition over it. And its relation to the larger capital it accrues to does not improve. This also applies to a company opening new business spheres when it might be able to do so due to the size it has appropriated from others. This only means reproducing at an ever higher level the contradiction inherent in its successful growth, the contradiction between the ability to pay that capital has created in society and the ability it is laying claim to.

The reason for this contradiction does not lie where the capitalists are relentlessly fighting it: in the multitude of competing claims on the market's ability to pay. It is precisely when big successful companies make headway in this area, when they succeed in organizing market developments to meet their sales and profit needs, that the limits of society's ability to pay show themselves to be a barrier to further business. And this reveals the real politico-economic reason: the capitalist contradiction of equating labor productivity with capital productivity. But the consequence for committed capitalists is already certain: they will try all the harder, with their methods of controlling the market, centralizing the capitals competing for it, monopolizing buying power and profit, to definitely overcome this barrier once and for all. That is why they are constantly doing away with competitors and rearranging ownership relations within their class — thereby achieving accordingly fierce competition with their rivals and, together with them, constantly overtaxing the market, claiming more victims among their peers.

What they do not achieve, in any case, is control over the market the way they want it and need it. Instead, they create a challenge for the state as a regulatory power.

§ 21 The state: Guardian of a capital location

Within its borders

1. How the state objects to cartels, monopolization, and the like: Principles and practice

In their efforts to overcome their growth being dependent on the unpredictable course of competition, to prevail in the market by gaining a monopoly, the big capitalists meet with resistance from the bourgeois state. The authority that uses its power over society to do everything it can for the growth of the capitalist business whose success it lives on, the supreme power that guarantees market-economy freedom, sets administrative and political limits on how the largest and most successful companies use this freedom. It stops following the usual rule that success is all that counts and that the interests of the largest, i.e., of the most important economic performers, are what defines the common good. The constitutional state prohibits cartels and price fixing, has the last word on company mergers, does not tolerate large companies taking a "dominant market position," and intervenes in all this by way of its own agencies, regulatory bodies, courts, etc.

The general line it follows here testifies to a rather fundamental mistrust of its industrialists with their striving for progress and growth. *"It is the purpose of competition law … to prevent the abuse of market power."* Mergers of companies are not allowed *"when [they give] the companies involved a scope of action that is no longer sufficiently controlled by competition. Such a scope of action would enable a company to raise its prices, lower product quality, cut back on innovations or worsen its offer in some other way without running the risk of losing customers."*[ii] Thus, Section 1 of the German Act Against Restraints of Competition reads, *"Agreements between competing undertakings, decisions of associations of undertakings and concerted practices which have as their object or effect the prevention, restriction or distortion of competition shall be prohibited."*[iii] The state guardian of the market economy has no illusions about self-interest being the motivating force of its economy; nor about the bad effects this has. And it doesn't see it as a moral problem to be dealt with by appealing to the ideals of competition. It sees it rather as a real danger, a danger to the good that the same self-interest inevitably does when it is *"controlled by competition."* Free competition doesn't do the trick, however; there is a need for powerful state supervision. The freedom-promoting constitutional state commits firmly to competition as a coercive regime that it imposes on its free legal persons, especially on those it entrusts the country's economy with and who have their reasons for canceling their rivalry on the market and making common cause. So it actually foils the plans of its national economy's biggest and most successful "growth engines." And it still maintains its basic legal objection even when, in a second pass, it does show understanding for the demands of the struggle for survival that capitalist competitors wage against each other: *"Mergers between companies are generally allowed and even welcomed as products of a free economic and social system. Mergers enable*

companies to reorganize their areas of business or increase their innovation potential and thus stimulate competition."[iv] What mergers are said to *enable* here is actually the *condition* for them to be approved.

Thus, when the state legally decrees competition, it is not obligating businessmen to simply compete as such but to go at each other on the market the right way, i.e., using the weapon of constantly increased capital productivity, also known as *"innovations."* So the state actually goes against its biggest capitalists' calculations to confirm the capitalist logic it has tied its society down to: the harsh comparison of competing capitals' productivity is the basis and decisive means of economic success. This comparison of productivity must not be suspended; that is the first, fundamental element of the critical idealism of competition that the state is putting into practice. The second element is the state's practical goal of preventing the power of big money from ultimately destroying companies whose business is doing quite well in terms of actual profit-making and contributing to the country's general economic growth. This is how indirectly it reflects the contradiction that competition between big companies and smaller ones whose survival is at stake means that the growth that a handful achieve by their superiority is at the expense of the overall economic growth it is after. And, thirdly, the constitutional state insists on the principle that the conditions of market success for businesses to exploit are set by the state and not by corporations or agreements between private companies using the might of their wealth to fabricate their own rules. The state owes this to itself as the jealous monopolist on the use of force and sovereign rule-maker.

So the most successful companies are faced with their unequivocal growth strategies being objected to by the supreme power. Violations of the rules are punished; if they continue without permission being granted that costs money, possibly quite a lot. However. this sensational reaction on the part of the political power does not go so far as to spoil the capitalists' profession for them. They have become accustomed to living with an antitrust law and its exceptions. They know how to test where and when bans take effect and for whom. When there are no prompt sanctions, they take this as permission, and every loophole in the law authorizes them to act. When maneuvers such as buying companies for the sole purpose of cannibalizing them and shutting them down are politically condemned as being vulture attacks, this is taken as encouragement in two senses. First of all, name-calling is not a ban. And secondly, that means that whatever is on this side of a political ban is recognized as part of the honest merchant's repertoire.

Even though the state promises to control the use of their power so strictly, big companies never hesitate to demand its support — including massive advance payments — for their growth in whole new dimensions, and to seek monopolies. They especially like to focus their eager gaze on areas of essential services for society that have been taken over by the public sector because of their importance and size and in view of private capitals not having enough financial strength or interest to invest in them. They emphatically remind the politicians in charge that it is the prevailing reason of state to

entrust the economy to private money owners. They declare the state and public servants to be bad businessmen across the board, and insist that such socialist monopolies on business be dissolved so that competition can free the polity from the burden of such undertakings. But of course not without the treasury, as a last step, taking over all liabilities that have piled up in the past. As for "vertical integration," by which they seek to take over command of companies on the supply side and on the further-processing side, big companies demand that the state provide material infrastructure, ideally by financing their making money on it as their monopolies, and that it subsidize their expenses for setting up "clouds," developing "artificial intelligence" and the like, because the progress they are making to open up new growth areas is quite simply what a modern industrial location needs. The same applies to all those "markets of the future" that companies plagued by growth worries discover for themselves, especially when the future of a market is so far away that conquering it would be a lot easier with some start-up financing from state funds. And so on.

In this connection, capitalist businessmen rediscover their need for a very different kind of solidarity with their peers: an association not for influencing the market as a cartel but for influencing politics as a lobby. For as long as it is up to state authorities to shape the conditions of competition, then that is the path to take when trying to overcome being coerced into free competition. This is all the more so since there are very many matters in which the capitalist class is by no means in the same boat, but rather — after all, competition reigns — groups of powerful firms, factions of the nation's business that are united in social blocs and have quite conflicting interests, are competing for influence. There are also the small and medium-sized enterprises (SMEs) — the mass of the country's capitalist producers and merchants far removed from commanding significant portions of society's capital — that are in urgent need of state support, both in material terms and with regard to rules of fair competition whether irksome or beneficial. Here, too, what is politically convincing is of course primarily the power resulting from the size of the capital — the power over jobs, over nationally important value chains, or over the future of the national business location itself…

Ultimately, the constitutional state will of course not be blackmailed; certainly not in questions of power it defines as such. But why should that even be necessary? It allows sections or even the entirety of the nation's businesses to represent their interests collectively, and takes this seriously enough to legitimize it by a slightly restrictive legal framework for lobbying. A democratic government finds it quite helpful for the representatives of special or general capitalist interests to offer their expertise and suitable text blocks for formulating regulations on business matters. The constitutional state always protects its sovereignty well enough by making it illegal to bribe its officials, who in turn are prohibited from taking bribes. The inevitable transgressions are watched over not only by the competing businessmen and good-government organizations, 'commoners' of the 'third estate,' but also particularly keenly by the investigative journalists of the 'fourth.'

2. Granting a license for the power struggle between the classes

Competition law is an imposition on a nation's capitalists, but its fairness rules time and again turn out to be favorable for some of them. What is much harsher is the license the modern constitutional state grants to trade unions. This affects the entire class of company owners and managers; and affects them in such a way that the state leaves them in the lurch when workers collectively refuse to fulfill contracted labor obligations. It allows workers to breach the law to bring the company's exploitation of the labor factor to a standstill in order to extort concessions on the wage issue from their bosses. The capitalists can rely on their property in the means of production being protected; striking workers are not allowed to destroy or appropriate any of it (that would really be the limit!). Strikebreakers also have to be tolerated. But the monopolist on the use of force allows a social power struggle over the conditions under which workers are made use of. This it has conceded to do under the pressure of outraged workers organized in political groups and unions. It has agreed to grant unions a permanent right to object to how employers treat wage earners, something the state itself has no objection to.

Of course, this license comes with a few conditions. First of all, the only permissible strike objective is to reach an agreement on payment and working conditions, i.e., to resume work in the service of capital. This matches the defensive standpoint and the perspective that wage earners have when joining forces for industrial action in the first place. But that is not certain enough for a public power granting an entire social class the right to a militant walkout. After all, it is allowing a struggle that is necessary for a *reason* — wage labor is basically a bad way to make a living — that reaches far beyond the *purpose* of industrial action, which is to correct the conditions for making money this way. So it would rather stipulate by law that its license is contingent on the fight pursuing a purpose that conforms with the system. A few additional legal norms are provided to prevent the right to strike from being used improperly as it nevertheless might. There is a fundamental obligation to keep industrial peace; votes must show clear approval for industrial action, and deadlines must be observed; labor courts or boards (industrial tribunals) make sure the whole business keeps to its intended purpose. The unions consistently understand all these restrictions as confirming their legal status, enjoy being recognized as collective bargaining parties, and act with the greatest self-assurance as partners of the employers in making contracts to cast management's power to manage workers in the form of reciprocal legal claims. The representatives of capital (whom the state grants a right to respond to a strike by locking out non-striking workers in the interests of "a level playing field") criticize a collective agreement as damaging their right to purchase labor freely, and reject the state-permitted unionization of their employees in principle as a cartel of precisely the kind they themselves are forbidden to form. In practice, however, they get along quite nicely with this imposition. Above all, they have nothing against their collective bargaining partner securing for them — for one industry or even across industries — equal business conditions for their competition against each other, so that the weapons of technological

progress and mighty capital size can take full effect. This does not alter the fact that the capitalists did not ask for there to be a right to strike and unions to use it, and see no need for it. But both sides have gotten used to each other and to a licensed class struggle, the result of which is that the regime of capital over the mass of society degraded to the status of labor factor is constantly reaffirmed by mutual agreement.

For the state, the risky venture of permitting industrial action has turned out to be an enormous gain. The state takes charge of the class antagonism in its society extremely effectively and expediently even when it comes to a head over the wage issue. It simply makes this antagonism the business of the opposing parties to take care of, the only rule being that they have to come to an agreement. It regulates the conflict and decrees that it be handled in accordance with the system, without involving itself as a party to the conflict. It ends up making sure there is a generally accepted national wage level, or a pluralism of wage levels recognized as valid both in particular cases and as a whole, without having to find it, stipulate it, or enforce it itself, which the two sides would surely not be grateful for. How one class lives from its wage labor and the other profits from it is their own responsibility; they have only themselves to complain to. Thus, the liberal state's *license to wage class struggle* is its method for creating a reliable *social peace*.

At the same time, its authorizing trade unions for constructively taking up the workers' cause in accordance with the system provides the social state with an optimal partner for looking after the wage-dependent class the right way. It is assigning them the task of making sure its social policy is shaped in line with the particular state of the economy. And the unions meet the task with a great deal of responsibility for this honorary appointment to serve society.

Beyond its borders

The state uses its law to place limits on the might of capital when businessmen and their lobbies exert "undue" influence on the conditions of market activity and social life in general. This is taken by constructively critical citizens to be a democratic imperative and required for the common good. Politicians are seen as having a duty to protect SMEs, to ensure truly fair competition, to preserve jobs, to protect social cohesion from overly powerful individual interests, the behind-the-scenes power of the lobbies, and the dangers of an "unleashed capitalism" in general; all in the interest of the larger whole and "ordinary people." An attentive public is accordingly critical when hearing stereotypically recurring reports about how large corporations artfully evade the burdens and just demands of the polity whose order and infrastructure they profit most from; about business associations powerfully manipulating politics; about global companies — especially foreign ones — reaping monopoly profits by paying below-scale wages, destroying jobs, etc. And they deplore the state evidently letting all this happen, doing nothing or far too little to prevent it, handling the economically powerful firms with kid gloves and harassing the little ones. Whether this is more because those in

charge are powerless or more that they are negligent, or maybe even corrupt or ill-willed, is a matter of differing opinion among more right-wing and more left-wing advocates of the people. What they agree on is that the social constitutional state *should* be the decisive, and maybe even last, bastion against the worldwide power grab of internationally operating monopolists and should use its sovereign might accordingly.

It is indeed undeniable that state administrators react to the multinationals' worldwide power struggle by (de facto or even officially) lifting restrictions they have imposed on capitalists competing for maximum market power. The reason, however, is not that they are failing to implement an imagined different policy, but rather the state interest they are pursuing.

1. The state makes corrections to its anti-monopolistic economic policy in its capacity as a 'trading nation'

As the administrator of a capital location where, and out of which, particularly the large companies have to fight to survive in global business, the state finds advancing its economy requires more than just promoting capital productivity in general and in special cases. It has to recognize that national growth comes about by conquering the world market, and that this depends on two things. Capital has to be big enough, and it has to be strategically deployed, for the very purposes of expropriating weaker firms and dominating the market that the state restricts within its borders in order to tie capital down to productivity as the decisive means of competition and to guarantee a "level playing field." The state is taught these global necessities by the country's large concerns, which want to and have to use their size to win and leave behind the competition within the country in order to hold their own on world markets. And it sees proof when foreign corporations use the power of their globally accumulated wealth to roll up national markets and capture the business of domestic firms. In its capacity as administrator of a trading nation, the state has no choice but to adopt the competitive standpoint of its globally competing large capitalists and make it its business that the champions of its economy conquer world markets.

This requires a revision of its economic policy. It becomes a priority for amply sized companies to form. It becomes less important to protect SMEs from being expropriated by methods that are questionable under competition law. A capital with a dominant market position can, indeed must, be permitted when the nation's standing in global business depends on it. When it has to struggle to acquire the necessary size and market power, it needs to be supported. The state uses special funds or banks of its own to participate in the corresponding growth of small and medium-sized producers who, basically but not quite, have what it takes to get a monopolistic hold on segments of the world market. When corporations with the necessary capacity fail to arise within the country on their own for exploiting emerging business spheres, or actual key positions in capital's global cycle, then they must be created by the state, brought about by mergers, secured by government guarantees.

The criterion for the kind of success the state is interested in here is the nation's increasing, and increasingly exclusive, enrichment on the world's sources of wealth. The claims to cross-border monopolistic use that the multinationals domiciled in its country have are now put in a national possessive form. Resources under foreign sovereignty that its nation's capitalism needs and has considerable access to are called — for example — "our oil." The worldwide sale of goods from domestic production at the expense of foreign competitors goes under the name of "our export markets." Especially the world market for energy sources that enter the nation's entire production and life process physically and in terms of price is a battlefield for very big concerns. They are reared by their home countries into powerful commercial leaders when it comes to extracting and procuring the required raw materials as well as to industrially producing "renewable" energies and the means of producing them, and are sent out into the competition over monopolies that span countries and continents. The same applies to the transport sector, which long since includes outer space, and to all those areas proudly bearing the attribute "digital." In their efforts to achieve growth by dominating the world market, capitalists are at the same time carrying out a political mandate that the state, their "partner," supports with its power and with material means. Complementary to this, the market power of foreign corporations that latch on to the nation's cycle of capital causes a state to worry about domestic sources of growth being sold out. Foreign companies that threaten to expropriate domestic producers and merchants and take over their market shares are not simply accepted neutrally as competitors, much less welcomed as basically desirable contributions to capitalist growth at home, but are suspected of misappropriating the nation's productive wealth to the detriment of its economy and standing in global business. The state counters real or even just feared machinations of this kind with the tried and tested rules of its competition law along with additional tailor-made ones, or else directly with interventions that invalidate the golden principle that the market alone should decide on success and failure in a free economy. Economic policymakers do not merely react to the organization of cross-border value chains from abroad, the establishment of sales platforms including digital infrastructure by foreign corporations, and the like, with a reflexive "We want that too!" They also invent regulations — an example being for the import and distribution of natural gas — for separating business areas to make it difficult for a foreign monopolist to do business. They subject its branches in their country to restrictive rules that thwart the power of the head office to have free disposal over the costs and revenues of its operations scattered all over the world. They get hold of monopoly profits that they know how to shield from taxation by foreign sovereigns when domestic businessmen are involved. And so on.

All that has to be — the state intervening in the competition of multinationals by strengthening the strategically deployed capital power of its national champions, and by warding off foreign encroachments that might expropriate domestic business — because

national competitiveness on a global scale depends precisely on the productive force lying in the power that capital derives from its size.

2. Monopoly competition on global markets leads the state to identify and drop any misplaced consideration for welfare cases

Some of the revisions of its economic, especially competition, policy that the state sees a need for as a trading nation involve its actions as a welfare state. These actions have been following the logic of sustainability: its capitalist economy requires the place to be taken care of in all the "questions" that the free market economy raises but does not answer, thus making work for those politically responsible for the system: how to support its class society, to form and maintain the collective labor force's will and ability to perform, to protect or restore natural living conditions, etc. And although the economically 'ruling' class would manage quite well without trade unions, at least in their own majority view, political rule has conceded to grant a license even for constructive labor struggles, thereby delegating responsibility for the price of the production factor labor, i.e., workers' livelihood, to the beneficiaries and workers themselves.

Throwing all this away is out of the question for a class state. But it has to deal with the fact that its nation's businesses, struggling to survive in competition with large concerns both national and international, will not accept the burdens of maintaining a serviceable people and a useful environment. Large corporations, which can afford to compete so as to ruin their competitors but also *have to* for the sake of their boundless growth, are not keen on additionally bearing the costs of the business conditions the state provides for them. They are hardly more willing than the weaker firms they expropriate in order to fuel their growth. After all, they are competing not only with each other but also with foreign companies, whose growth may be hindered by rules applying abroad but certainly not by their own class state's social policy and the regulations it issues. This, of course, makes every single regulation a nuisance, however well-intentioned and however important it may be in itself. Businesses demand that these nuisances be done away with, and when the state examines them it often enough comes to the same conclusion. For if the important thing for the major corporations — in general and in international competition all the more so — is to use the power of their corporate size to make the productivity of their capital take effect *without hindrance*, that turns many a national business condition that they have to respect into an unacceptable restriction on their competitiveness. And if the nation can only persist as a world-economic powerhouse if its multinationals succeed on the world market, then the state will make corrections to the regulatory and social policies it has conceived and implemented for its own class society.

There is no way around this, in its view, for another reason: the situation the capitalists have produced. The multinationals' global power struggle for monopolies disrupts the world of work to such an extent that social achievements rich in tradition

become obsolete or unacceptable anyway. As smaller capitalist firms are expropriated and internationally successful corporations become increasingly powerful, this power of course also extending to how they make use of the globally available labor power, the job supply dwindles worldwide in relation to the demand from masses without income. This accordingly affects the relative social strength of the two classes. It also means there will be fewer and fewer workers employed full-time and lifelong whose useful poverty has been the basis for the state's social policies. Instead it is becoming normal to have "employment gaps," and this has devastating consequences on the proletariat's will and ability to fight for their survival needs to be taken into account. Trade unions are in any case losing their power of resistance; and what they can still bring to bear at best, they are giving up through their pseudo-offensive, paradoxical struggle for jobs. In the name of their wage-dependent members not being used, they urgently request that they be used. That means they are also losing their influence on politics, as the workers' lobby. The social state acts accordingly, taking note of "developments" and responding with "adjustments" that do away with much of the customary organization of workers' lives. And it becomes an anachronism for professional worker representatives to have the co-determination rights that union-friendly policies have granted in some countries. They have almost never applied to multinationals from abroad anyway, and survive at best as a reminder of times when corporate lords liked to secure their elite employees' constructive willingness to participate in management. The modern constitutional state corrects itself accordingly here as well: it certainly does not want to be accused of having an affinity with trade unions.

So the state knows how, and does what it can, to serve the success criterion of global competition for monopolies: the productive force of pure capital power through size and through its unscrupulous strategic deployment. It makes this criterion valid without any alternative. At the same time, it is additionally giving its capitalist elite a moral gift they do not need but are glad to accept: it is not just authorizing them but encouraging them to make no concessions in all those cases when it once deemed restrictive rules necessary.

§ 22 The fusion of capital and credit

1. It is not only such governmental support that makes it unnecessary for capitalists to put up a real fight to attain the capital size they are after. Credit stands them in better stead

In their competitive struggle for monopolistic domination of the market, capitalist businesses have to cope with a contradiction. In order to strategically deploy the power of their operating assets and their influence on market activity so as to be definitively successful, free themselves from their rivals and appropriate their market shares, they already need the capacity — i.e., the unassailable operating size and the exclusionary access to the market — that they are out to acquire by overwhelming and eliminating

their rivals and appropriating their productive capabilities and taking over their market shares. This makes big companies accordingly ruthless when they go at small ones, powerful corporations taking over or eliminating SMEs without batting an eye. In fact, they are so consistent and effective at it that the state sees a need to curb their encroachment by issuing all kinds of fairness rules and setting up a competition regulator. In the broader context of global competition, on the other hand, domestic multinationals actually meet with governmental support in their efforts to achieve size as a means of growth. It is permissible, even desirable, for entire markets to be conquered by a nation's corporations; but the businesses going by the abbreviation SME are not supposed to be directly expropriated. The fight for exclusionary appropriation of ever more sales and profits is to be waged civilly, only with permissible means.

That can be done. Capitalists find the most powerful weapon in their fight for growth to be the financial system, which centralizes private monetary assets and makes them available as credit. When money dealers provide liquidity to bridge payment periods and bottlenecks in the capital cycle, this allows a businessman to use his assets in full as a capitalistically effective advance. Borrowed capital enables him to increase the productive force of his business beyond the limits of his private property in such a way that the greater advance pays off even after he has serviced the debt. And, of course, corporations also get credit to finance their encroachment on competitors and expenditures in anticipation of matchless size. However, borrowed liquidity and size on loan are not the last word if the company is out to grow beyond the barriers to its own growth by its own efforts and force the competition out of the market by its own size. As a borrower, it can always be potentially separated from its increased capacity. The loan has a limited term, and the money capitalist has the power not to renew it or even to terminate it. Moreover, income from the increased mass of available funds does not add to the firm's growth potential without restriction. The obligation to pay out interest and to repay the loan, regardless of whether the investment it has financed has actually been successful, shows that the gain in means and in clout that one has acquired by borrowing involves letting an alien interest into one's private capitalist business. The lender's ability to provide money may not initially be limited, but his willingness to do so is predicated on trusting the debtor's ability to pay the interest and repay the loan on time as agreed. This does not fit in with the power and freedom that a businessman needs to beat the competition as a monopolist.

But the financial system, this great achievement of providing private businessmen with the power of other people's money, itself gives capitalists a downright revolutionary way out. Driven by their interest in acquiring a corporate size crucial for competition, they join forces with each other and with other money owners, create a joint undertaking, and share the profits. Which, of course, is much less simple than it sounds, since this joining of forces goes decidedly beyond the pooling of private assets in the banking business. Free private businessmen are practicing a form of collectivism that is essentially alien to them. Pooling assets, voluntarily abolishing the exclusionary

privateness of property in the middle of the private-property system: that comes close to squaring the circle. But even that is possible when size is the all-important means in the fight to overcome competition. The result matches, of course; it ultimately does work reliably but only in the form of an unending superstructure of conflicting interests, attempts to mediate between them, and ever new contradictions between private and collective property.

2. Joint stock and its company

By issuing *shares*, a company offers interested money owners a share in its profit production and in return procures money that irrevocably belongs to its equity capital. So it can make free and unrestricted use of this money, just as it can of the former owner's private assets now converted into shares, the former owner having thus become a joint owner himself. On the one hand, the share represents proportional ownership of the company, but without the power of disposal that ownership technically involves. This power passes to the company's management, which is appointed and supervised by a body that is elected by all the shareowners and accountable to the shareholders' meeting, whereby they indirectly retain an element of disposal power. On the other hand, the share vests a right to income from the company's profits; not a fixed sum, but a dividend, corresponding to the ownership share, of the sum specified as profit to be distributed. Consequently, the shareowner's certificate represents for him a money capital that does not consist in the sum transferred to the company's equity capital—that money is gone for good — but rather arises from the vested right to a dividend. This income is regarded as deriving from a fictitious source of money; the share is the real representative of *that* and as such a piece of property to be freely handled. Thus, this peculiar separation between capital assets and capitalist power of disposal means that the capital exists twice. As operating assets belonging to the company as a legal entity itself, the capital creates profit. As private property, it represents a money capital that is capital, quite separately from the operating assets and their capitalist performance, due to the right to income that is based on that but has become independent of it.

This progress in achieving the capitalist purpose alters the politico-economic identity of the capitalists pursuing it. The profession divides up as well, existing twice so to speak. The job of management is undertaken by salaried functionaries. There is no longer a staff of procurators serving as the owner's "right hand," but a real boss at the top acting with the power of the combined property. His job profile independently realizes the capitalist businessman's interest as such as a profession in the hierarchy of bourgeois occupations. The regime of private property over the firm's assets and personnel becomes an impersonal matter to be served by a paid specialist.[2] The capitalist owners, as shareholders, now have a corresponding impersonal relationship with their firm, a relationship which is in principle actually open to all money owners, even to the public at large. They possess the same detachment and freedom vis-à-vis the firm that an investor has, who chooses his equity participation. In accordance with this role description, they realize their interest in private enrichment in a separate area: in

the *valuation* of the fictitious capital that they hold in their hands in the form of the share.

For a remarkable feature of this value — which lies in the nature of this peculiar thing — is that as soon as a share is listed, its value no longer matches the sum that the company books as its equity capital and uses for its growth, but is determined by a *comparison*. It is compared with the standard local interest rate that the money-capital trade calculates for its loans. The interest rate is the first point of reference, the first yardstick for calculating the sum that as money capital would yield a return equal to the prospective dividend and is therefore attributed to the share as its value. However, it is only the first factor in the process of actually determining the share value. This is done in the bartering between investors who trade in shares and have created a *sui generis* market for the purpose.

3. The stock exchange

The *stock exchange* is where the shares are *valued*. Through continual buying and selling at the price agreed on by suppliers and demanders with their opposing interests, the size of the monetary capital the security represents is constantly determined, with institutional supervision and second-by-second reporting. This decides how rich the shareholder is, even if he only leaves his shares in the safe. Traders on this market calculate in such a way that the dividend paid, the comparison of this financial yield with that from alternative credit transactions (including dividends on other shares) and the capitalization of the income weighted in this way are, from the outset, not fixed quantities but rather the basis for speculating how all these figures will change, making it advisable to buy or sell in time. It goes without saying that this speculation also takes account of countless economic, political, maybe even socio-psychological considerations. The result is a share *price*, whose ups and downs — alongside the dividend and much more importantly — decide if and how much the money capital represented by the share at a particular point in time has gained — or in the worst case lost — value at a later point in time. This result is in turn critical for how investors and shareholders continue speculating and, as they make the corresponding transactions, for how the share price consequently develops. That is how sensibly things are done when private property separates from the actual expansion of the capital it is incorporated in for the capital to reach its required fighting weight, and leads a life of its own as self-expanding money capital.

So what comes into the world as a means for the businessman to overcome the limits of his individual wealth and give his capital the size required for monopolistically dominating the market, this thing — credit — becomes, on the stock exchange, the material for a barter trade that gives rise to capitalistically effective wealth (self-increasing wealth that can be realized in money if necessary) without any labor, solely on the basis of the *right* to a yield, through speculation and transactions between speculators. And on the same path, without any consumption, the stock exchange may make this wealth vanish. The role played by the joint-stock company’s business, by its

profit-making through purchase, production and sale, is that of a *risk* — *one* risk among countless others — when it comes to speculating on the share value steadily going up. The method of enrichment here is to productively exploit these risks, i.e., swap back and forth between alternative investments, always being on the right side, and successfully managing a whole portfolio of securities this way. Mastering this method is what makes a clever stock-exchange operator, and consequently also what a service involves that can be purchased from a separate species of stock exchange pros. Speculating on risks like these — and therefore what "asset management" has to offer — includes, as the next floor of the finance-capitalist superstructure, doing business by offering hedges for speculative ventures. In the next step, this splits off from the conservative purpose of insurance and develops into a subsystem of bets on or against speculatively anticipated changes in the value of anything whatever. In the end, fantastic sums, albeit only with a fraction "backed" by money, act as a source of enrichment solely because they involve taking a risk of loss.[3]

4. The company as an object of speculation; modern mergers

The independent trade in fictitious money capital and its derivatives that develops on the stock exchanges and in the computers of the speculator world puts the strategic efforts of large companies to grow through additional size on a new footing. After all, forming a joint-stock company by no means puts an end to the option of enlarging a company beyond the limits of its accumulated operating assets and what they can achieve. Established on the stock exchange as an object of speculation, the joint-stock company attracts a general finance-capitalist interest and can thus access practically unlimited funds in ways it can itself actively shape. According to its own interests and calculations, its board of directors can decide to issue new shares, i.e., transform the company's capital needs as they result from past and planned growth into an offer for money owners to participate in the profits as shareholders, and thereby procure additional equity capital. It doesn't need to fear any lack of money; there are no capital needs too great for the power of the credit markets to create and refinance fictitious capital and provide a promising company with it. The company's management must of course arouse such an interest in exposure; basically by the success the business has already achieved on the market and the good prospects of new success. But that it is not what a bank's bureaucracy takes a critical look at to gauge whether a definite loan sum will properly yield interest and be repaid. Joint-stock companies approach the financial markets to enlarge their mass of capital without much regard for particular projects; the proof that they are worthy of investment already exists in the way speculation itself rates their past performance and their future prospects, i.e., in the value of their shares and especially its trend. When finance-capitalist experts realize and anticipate an increase in the market value of a company's shares that altogether make up its stock-market value, this increase decides on the quality of the offer that all money owners and credit creators are invited to accept. The speculators, for their part, decide freely, according to their criteria for comparing competing offers of this kind, whether to buy into the

company and, if so, to what extent. This depends on how much they think the real capital will be able to increase the value of their fictitious capital.[4]

So for joint-stock companies there is a new form of creditworthiness. It consists in how satisfied old shareholders are and, above all, how willing new ones are to invest, hence in the value of the shares. This is determined initially, and basically, by the company's market success, the headway it has made in competing to monopolize society's ability to pay. Thus, the growth of the company's stock-market value — the shareholders' enrichment — and growth on the market by eliminating competitors should be two sides of the same thing. Standing in between, however, is the freedom of the owner, who is only bound to "his" company by speculation, i.e., can always abandon it even if it is successful. He is constantly comparing his exposure with alternatives and switching to them the faster the more professional he is. A corporation's stock-market value and its market success are distinct as a matter of principle. And there is no lack of reasons and occasions for the company's own interest in wieldable capital power to diverge from, and even come in conflict with, the interest that investors have in increasing the value of their fictitious capital better than by other capital investments.

Thus, it is already a matter of constant dispute how to split the surplus generated on the market into dividends, on the one hand, and funds available for growth strategies, on the other. Shareholders are confronted with calculations from the world of wages, prices, profit and technical progress, calculations relating to market conditions and competitors. To gauge whether they are sound or not they have to rely on their executives. These people in turn have to base their own planning and calculation on the standpoint of increasing the company's stock-market value. This they owe to their employer, the collective owner, but also to the company's creditworthiness and thus its growth. Logically, the next matter of dispute is whether, and how, this credit power achieved with the share price and stock-market value can be exploited for growth. Issuing new shares provides the company with more equity capital but can reduce the value of shares and thus what the shareholders possess. Shareholders in turn become immediately richer if the company buys back its own shares, thereby increasing their value.[5] And so on.

Finally, existing as an object of speculation opens up to a company the perspective of eliminating competitors and appropriating their assets in a most elegant business-like way, but also, conversely, the chance to realize its own productive capital one last time upon its elimination if it is no longer sufficiently successful. When a company traded on the stock exchange is incorporated into the assets of a monopolist-to-be, this is done through the purchase of its shares — gradually or in one fell swoop, by mutual agreement or as a hostile takeover, in any case quite in accordance with the civil stock-exchange rules. Newly issued shares give the acquiring company the means to pay for its acquisition directly or indirectly, by compensating the previous owners or by swapping shares. So when a merger is done through stock trading, both the winners and

the losers of a competition programmed for elimination have an amicable way of getting their money's worth.

5. Not the end of competition, but rather preparations for it and additions to it

When it matters, capitalists are quite willing and able to pool their private property with each other. In groups, open to all interested parties, they get together to form joint companies. They delegate the competition between their businesses to functionaries, while shifting their private enrichment to the area of peaceful trade in securities from the most diverse sources. They communize the private capitalist power of their property, and do business as private owners with papers that actually represent collectivized capital.

This is not the end of competition; on the contrary. When private financial assets are merged into joint-stock companies, when entire businesses are brought into joint companies, then this is the prelude to using the weapon of capital size to successfully finish fighting to expropriate and appropriate others' productive wealth. Then the company is permanently competing for monopolized market power, and at the same time for its stock-market value, i.e., for finance capital's interest and support, and for one as a means for the other. To properly meet this double requirement it needs its entire staff of full-time functionaries. On the one hand, maximum exploitation of the labor factor and manipulative control of the market become an impersonal matter once and for all, making the abstraction "capital," in a suitable multiplicity of competing capitals, a practical reality. This is the basis for professions that there are academic textbooks for. On the other hand, dealing with shareholders and, above all, with possible investors definitely requires more than the boss's personal persuasiveness. A separate hierarchy of professionals is likewise created for the job of letting the company present itself as a profitable future-proof investment and procuring funds. The essential requirements here take the form of the corporation in turn having to deal with pros on the capital market who have society's money and credit at their disposal: investment funds, credit balances and receivables, savings deposits of all kinds, assets to be managed. These pros have their own quite special competition with each other for available funds, and therefore for the maximum increase in the value of the fictitious capital they are having the funds entrusted to them act as. Their job therefore consists in constantly comparing financial exposures with each other and swapping them right on target within seconds. For companies existing as speculative objects, this means they are constantly subjected to a competitive comparison according to criteria that do not coincide with those of their own growth. They have to pass this test.

This is a demanding task because the financial pros' calculations confront them with the harsh truth of jacking up their growth by winning over investors. Their struggle to monopolize markets cannot possibly produce winners only, it cannot end well for everyone. This does not matter to the speculators financing this mad competition of

companies in accordance with their own competition. It is at any rate no obstacle to business; if anything it just goads them into being even more distrustful. They of course bet their money and credit on the corporations they expect to beat the competition, thereby opening up their chances of winning. However, they do not rely on that in their own competitive strategy. They invest in securities of different, even competing, companies and are busy enough always buying and selling exactly the right thing at the right time and increasing their capital that way. The fate of the firms they are temporarily involved in financing leaves them professionally cold. This makes it all the more a question of survival for firms to remain present on the stock market as speculative objects and arouse investors' interest. The size they need is only to be had as the work of finance capitalists, who have control over society's money and credit. The firms' existence is a derivative of financial speculation.

At least firms can rely on this speculation. Not on something as dubious as solidarity among owners, but on investors competing for the better finance projects.

6. Instead of controlling the market, being indifferent to it …

Equipped with the power of communized private property, thereby freed in terms of their size from the limits of previous and current market successes, companies develop a growth strategy that emancipates them from the bounds of society's ability to pay they vie with each other for. Speculators' financing gets them beyond these bounds, allowing them to act as if the mere size of their capital they outcompete others with were the true source of their growth and as if it were entirely in their power to make it take effect. The fact that they create the market's ability to pay, causing it to have limits that set limits to their growth, plays no part in view of their interest and the power they mobilize to conquer the market and monopolize the realizable profit. They need not care that this does not work out for everyone, i.e., generally does not work out, as long as there are still rivals to overpower on their own particular market — and ultimately in the market-economy world altogether; and as long as finance capitalists keep the money coming, with their speculative expectations and the funds derived from them and multiply covered by self-referential bets. Where some win the fight for free self-determined growth there are always losers, of course; that is the whole point. Companies of all sizes fail on the market, and loans dissolve into empty legal claims, fictitious capital into nothing. But this does not change the fact that credit-financed competition allows, indeed forces, its own undeterred continuation. No consideration can be shown for individual capitalist fates.

So the financial world's involvement by no means fulfills the demand that every capitalist makes on the market, that it function as a source of profit to meet the company's autonomously programmed growth. What finance does instead is to enable companies to consistently treat the limits of the market as a matter of competition that is to be decided by the weapon of sufficient size, and thus to disregard them. It empowers companies to be offensively indifferent to the business condition they themselves create by subsuming society's reproduction under the imperative of

profitable labor productivity and thereby at the same time restricting the ability to pay that they create. Equipped with the power of fictitious capital, capitalists make a huge practical reality out of that basic element peculiar to the logic of capital expansion in the unending market-economy process of buying, producing under the criterion of profit, and selling to realize this profit: the growth grinding forward in this cycle knows no "enough." By necessity it constantly overshoots the measure of the total ability to pay that capital creates in relation to the mass of commodity values created with paid labor. It creates victims among large and small capitalist competitors, whose necessary failure offers practical proof that capitalist enrichment takes place as *over*-accumulation of capitalist wealth.

However, credit's productive force, which allows companies and makes it their task to compete for excess growth, has its price for the financial world too. It is not that easy to limit the failure of credit-financed ventures to individual cases and to the bilateral relationship between creditor and debtor. Defaults that devalue loans or shares and, consequently, all kinds of fictitious capital never merely affect individual investors and speculators. The interconnected refinancing transactions by which financial-sector firms recognize and bring into effect each other's creation of credit mean that defaults tend to affect the entirety of credit creators and speculators. Their losses, in turn, rebound on the business world, which needs fresh money capital for their hard-programmed growth and is no longer getting it or facing tougher conditions. This inevitably leads to further defaults and possibly to drops in overall capitalist growth. How serious these are is, in turn, a question of their speculative valuation. The only sure thing is the fact that when barriers to capitalist growth are removed by the power of communizing private property in accordance with the system, this periodically changes into a contraction of credit and credit-financed profit-making, even ending up paralyzing business life altogether more or less across the board. Then we have it:

7. … Crisis

Market-economy actors and experts have agreed that if there is "negative growth" for so and so many quarters one may speak of *recession*. The consensus is also that such a dramatic decline in business is due to a lack of business *opportunities*. After all, it can't be ignored that there is no lack of business *means*. The goods to sell are there, more than enough. Means of production are found to have overcapacities. People able and willing to work are in plentiful supply. What is lacking is money taken in by firms: they are not making it for lack of sales and not getting it from the financial sector either. Financiers are not handing out anything because they see no business *prospects* and have lost faith in their own products, which they may have gone overboard creating and high-pricing and which are now lying around en masse and have become worthless because no one wants them anymore. That's why some rich people even have money to spare that they know nothing better to do with than to put aside. All this leads to the finding that business is collapsing because the conditions for its growth are lacking.

Opinions differ as to what the reason for that is and what to do about it. One cannot always distinguish whether the proposed therapy follows from the reason identified for economic crisis, or vice versa; in any case, the main concern is to get business going again. According to one school of thought — tending to be considered more "left-wing" — there is not enough ready *demand* to clear the markets, and the state should jump in as a quasi-external authority and use its own money tokens to remedy the lack of demand that these thinkers do not want to blame on the market economy as such, since it is having such trouble remedying the lack of buying power and needs help. In contrast, the majority of experts, and certainly the affected practitioners of capitalism, are sure that the reason why goods remain unsold, production is stagnating and no loans are flowing in is that producing and selling can no longer pay off; and the reason for that is too little has been done to keep things *profitable*. *Too little* money has been mobilized to make the right investments — in means of production that are more productive — and improve the ratio between advance and surplus. Instead, too much money has still been spent on the "factor labor" at the cost of returns, despite all the "rationalizations" that have taken place. So what is called for is a sweeping *fire-sale*, across the board like the crisis, as the only way to get it under control: cutting jobs that are no longer profitable along with redundant personnel, and selling off below cost all goods and objects of value that can fetch any money at all in order to at least service some of the accumulated debts one has to pay back.

This consequence definitely occurs in practice, with or without any theory about the business conditions lacking. And it testifies in its own way to the real reason for the recession that afflicts capital from time to time. There has evidently been *far too much* capital mobilized for it to be able to get a return and growth out of the market that it itself makes. This is at any rate the politico-economic state of affairs that takes effect in a crisis as a setback for society's economic life. The class of competing capitalists runs up against the contradiction that its economy of unconditional growth endlessly increases *its* wealth and for this purpose makes the *source* of its wealth and enrichment, paid labor, ever more productive — thus making the wage-dependent masses *ever poorer* in relation to the value of the commodities they have to purchase to live on. This *excess* of capitalist growth is what leads the market economy to its dead end and to capitalist wealth being annulled. Businessmen also see this setback to their fine growth as a matter of excess themselves, but a bit differently: it's their competitors. There are too many of *them* — hell is other people, as Sartre says — and that's why *they* have to go. This is what matters in a crisis all the more. The actors of free competition can't do enough to achieve that end. And that is exactly how they create the general "too much," consequently getting themselves back into their crisis over and over again.

Where it starts, how it gets going and progresses, is up to the anarchy of the market and speculation on results. It may be that credit-financed buying, producing and selling fails due to the limits of society's ability to pay, the markets are overfilled and hopeless overcapacities are identified, so that the financial industry, which is supposed to help get

through such scenarios, sees no way out. It may be real or feared price changes on a large scale, caused naturally or politically, or a “bubble” bursts in the realm of derivatives and certificates, and the financial world answers with a crash in stock-market values and by terminating the services that business depends on to continue. Such disruptions of the economy turn into a crisis when they cause a reverse chain of devaluations in the world of communized capitalist wealth, i.e., where loans and stock-market values are created and authenticated by circular refinancing transactions, and nobody stops this reverse chain, at first. In the end, not only a lot of securitized values of the financial trade go to the dogs, but also this trade’s so mutually nourishing symbiosis with that other part of the capitalist economy called “real” in this context. This symbiosis changes into a harsh clash between unfulfilled claims: nonperforming loans and devalued investments on the one hand, rejected credit needs and canceled capital investments on the other. Despite all devaluation, however, private property arising from the documented right to earnings retains the upper hand over property arising from capitalist production: means of production, wage labor and salable goods are sacrificed in order to save, if not every loan, at least the credit business itself.

This antagonism is, of course, no reason for the capitalist factions to fall out with each other forever, and certainly no reason to be humble in view of the disaster they have jointly caused. They forget their antagonism to adopt an even more resolute shared sense of entitlement. The propertied class, i.e., those managing property and those investing in it, insist on the systemic relevance of their particular interests and demand, across all sectors, that the rest of society be made to serve the restoration of their might as an indispensable service provider for societal reproduction. The fact that their business and its failure due to its own excessiveness have damaged society’s productive forces and endangered its material survival is, to them, unbeatable proof of how absolutely essential it is for the general public that the capitalist class’s calculations work out and their wealth grow. It is not business life that has to adapt to the material necessities of a secure existence for all, but rather the general public that has to adapt to the conditions of success for the decisive minority’s business interests.

And that is fine as far as the system is concerned. For if the wage-earning class does not set any limit to the capitalists’ regime over society’s work and life, then it has to pay the price and fall in line to fix things up when capitalists periodically fail due to the limit they themselves set to their success.

Once again the last word is had by the public power, without which nothing works in this system of freedom.

§ 23 The state as a financial power[6]

Within its borders

Even though the state definitely does not like to see growth collapsing throughout the country, it does not worry about preventing this market-economy meltdown. It has enough to do bringing it about.

1. As a political power pursuing its policies with a money that is credit and has to function as capital, the state is not only one of the most important fans and promoters of growth. It also produces its excess and absence

The state implements policy with the money that its society produces and increases in service to capitalists. The fact that capitalists conduct their business with debts that have to pay off doubly, for lenders and borrowers both, and that are used in anticipation of a success yet to be achieved: this is something the state has accepted and secured by property law. Consequently, the money advanced and then earned on the market does not represent wealth that has been realized but rather, economically speaking, credit and its capitalistic use. The state reconciles this fact with its property guarantee in such a way as not to restrict speculation and speculative value-creation, but rather to set them free. It uses its central bank's products to refinance the commercial banks' money-and-credit creation according to rules, and through its monetary sovereignty it makes these products legal tender, which bindingly measures and embodies private property. The liquidity that the state supplies through the banks to its economy as a whole thus anticipates and represents what the nation's credit business is promising to accomplish: that the credit the economy creates and uses will function successfully in a double way, to make capital grow and to have this growth economically justify the credit. The fact that its money comes about as a means of circulation for the nation's credit business, i.e., economically represents debt, stands for the state's claim that the credit its capitalists are doing business with *is money* in fact — or just as good.[7]

The state sticks by this equation when the financial industry proceeds to develop its credit business on the stock exchange into trading in fictitious money capital, i.e., capital calculated from promises to pay; when stock-market trading produces a price trend in such securities that decides if invested money is being valorized, i.e., if credit is proving itself as capital; when speculation consequently creates — and destroys — monetary value, and a superstructure of derivative transactions makes a further source of money out of the uncertainty of this outlandish brand of capitalist enrichment. The central bank still guarantees, according to its criteria, that the liquidity the financial markets create for their own business can be exchanged for legal money, i.e., represents property in monetary form. The process of capitalist enrichment thus becomes separate from the accumulation of capital value through production, trade, and consumption, i.e., from the real capitalist reproduction of societal life. This is fine by the state, and not only because its capitalists need and instigate this qualitative progress for their growth, since this now becomes the only way their wealth, i.e., the national economy, really grows. The state itself makes use of this achievement of the financial industry — self-propelling

trade in fictitious capital — by turning its exorbitant need for money into an article of trade as a security that promises returns and putting this into circulation as such. It is assuming that financial markets will treat its bonds as an investment just like those of commercial providers. So it is exposing its bonds to a critical comparison with shares and other capital investments. That the money it raises in this way is not a capital advance that has to prove itself by generating a profit through sale, is no bother. The state vouches for its securitized debt being capital with its sovereignty over the overall economic growth it is supervising. Its power to actually buy up its own debts through the central bank, i.e., to convert them directly into legal tender, does not manage to make credit equal ability to pay (that is, to make money as the promise to multiply equal money as the material form of property), but it guarantees that credit definitely equals money in its own case.

Government bonds are put to the test as money capital by being rated in comparison to other investments by the financial market, which speculates on how safe these financial products are and how high the returns will be mainly from the price trend when they are traded. The state is competing against fictitious capital from all sorts of other sources. Its specific offers may look comparatively good or bad, just like any fictitious capital on offer; but since the state is the guarantor of the right to multiply that is attached to the loaned money, its promise of interest sets a standard that the market orients itself to. That does not mean it is depriving its money-seeking competitors of anything; on the contrary, it is increasing the mass of offers on the nation's capital market that attract the interest of investors able to pay and speculators worthy of credit. According to the logic of this market, such investor interest at the same time increases the opportunities for suppliers of investments to find takers. This makes the market as a whole more attractive, for both sides. The demand for others' money mobilizes corresponding offers; the demand for investments generates offers of fictitious money capital. That is in any case what the state is counting on: that large and increasing turnover will ensure more and more turnover, making its nation as a location for capital into a financial center whose operations stand on their own for ongoing capitalist enrichment.

When the state uses its central bank to create the liquidity necessary for such operations and for the overall national business growth they drive forward, then its purpose is not simply to supply its society with means of circulation. As the issuer of legally valid credit-money, it is creating the basis for the nation's money circulation to prove itself as a means of business for the money capitalists engaged in financing and refinancing. The amount of means of payment and the terms they are provided on are there to *underpin* the credit business, its services, and its growth. But the state does not concern itself with the question of whether the expansion-oriented credit trade is redeeming its promises of enrichment. By setting the conditions for its offer of state liquidity, above all the interest rate, it has basically done its bit to ensure that what speculators do with it is sound, i.e., that there is honest growth. This applies all the more

to how it refinances its budget deficits. As the condition guaranteeing that its own borrowing is sound, it limits itself to proportions of overall economic growth, thereby increasing this growth. It suitably adapts these ratios to its requirements without in any way taking back its promise of absolute reliability. The continuous multiplication of money is thus quite in order; and it is precisely in this way that it performs its crucial service to capital accumulating to the excessive degree programmed by finance capital. For this way it is ensured that liquidity is provided *without being* limited by whether ever more inflated credit transactions are successful in the end. On the contrary, the way liquidity is provided guarantees that national growth is *limitless*. By refinancing the speculation on its financial center with legal tender, in particular by creating credit-money for selling its own debt instruments, the state runs ahead of the growth of capitalist wealth in its country and creates more and more of it. It acts not only like the biggest speculator on its financial center, but *as a universal* speculator that is infinitely liquid due to its monetary sovereignty.

This of course means, the other way round, that the circulating legal tender is not backed by an increase in actual property, i.e., in the capitalist and general power to lay hold of things. Legal tender is the stuff of state speculation that does not concern itself with the question of whether the claimed monetary value is justified by any successful exploitation of labor to create surplus value, i.e., by capital being valorized. Legal tender serves to promote growth precisely by circulating in an excessive amount. To what extent it does, what follows, what effect actually results from the process of capitalist enrichment being separate from the monetary quality of the legal tender invested productively for that process — all this is something the state finds out from what capitalists do with its money as the movers and shakers on the market. To them, the money they earn and reinvest on commodity and financial markets shows no difference between the buying power they create in the course of their productive value creation, the financial means that arise through speculation in the realm of fictitious capital, and the liquidity that comes about through government debt wholly without being justified by business. And why should they see any difference? In their struggle to monopolize profit-making and exclude competitors from the market, they go after the entirety of society’s ability to pay as far as they can get hold of it. This always means that when selling their commodity, whatever it is, they are constantly testing how much the market will hand over to them. Their defensive way of doing this is to pass on unavoidable cost increases to their customers, and they go on the offensive by pursuing a business strategy of growing at others' expense. The means and incentive for overaccumulating capital that the state provides in its country by creating money for its capitalists’ growth needs in general, and its own borrowing and bond issuing in particular, give the capitalists some room for maneuver — enough for price increases that not only individual winners implement against losers, but that most of them implement against each other all around. The result is a tendency toward a general, nationwide rise in prices. Thus, in what they do, the capitalists benefiting from the state’s actions to

promote the necessary excess of capitalist growth confront their benefactor with the contradiction its actions involve. The purpose of its creating money, to underpin the nation's financial business, conflicts with the value of property, the power to lay hold of things, which is measured in money and is supposed to be secured by money.

The state takes note of this result, quantifying it with statistics on the price trend of various baskets of goods, each defined according to a particular interest. For instance, there is one for a typical family's average consumption, i.e., to see how proletarian poverty is increasing; and one for the market trends of various types of capitalist wealth. The state thus looks at the rise in a whole lot of prices to determine various rates at which money has been losing its buying power, and finally publishes a rate of devaluation of money that is regarded as particularly important. Objectively speaking, this devaluation is the necessary counterproductive consequence of legal tender being used for the nation's credit business separately from, but in a productive relation with, its value as a means of exchange and command. Those in charge, however, are not interested in the politico-economic reason for inflation, but in how high the rate is. This rate serves them as a yardstick for assessing whether the monetary unit's declining buying power is a side effect reflecting the dynamics of the economic growth they are tallying just as closely, or whether this growth will actually go up in smoke once it is adjusted for inflation. In the latter case they are not forced to do anything in particular, but do need to make a correction in line with both popular and scholarly inflation theory. Regarded in terms of the result and quite superficially, a general rise in prices or trend toward monetary devaluation is due to too much money coming onto the market to be completely absorbed by the purchasable goods at given market prices. And this glut of money inevitably causes an increase in selling prices, if only for the sake of market equilibrium. If a price push is due to other, external market factors, proper control of the money supply could and should similarly prevent it from being generalized to devalue money. If the diagnosis is "home-grown inflation," then it is in any case clear that the state has poured too much money into the economy. The responsibility for this lies with monetary policymakers who, after all, claim to be providing society with the amount of money that is necessary and just right so they can keep the market economy in balance. That is exactly what they have written down as their legal mandate, from which one can infer that succeeding at this is not only their aim but quite doable. They proceed to act in keeping with their diagnosis that there is a money glut that needs to be corrected. They tighten and thereby make more expensive — or vice versa — the money supply they make available to banks via the central bank. Budget policymakers economize, at least relative to planned spending increases. Wherever policymakers perceive a conflict between borrowing needs and monetary stability, they side with buying power.

The effect they achieve depends on the scope of their restrictive interventions, but even more on what shape the nation's financial industry is in. These measures definitely affect banks and speculators with their bold financing and refinancing strategies. When

the state makes borrowing more expensive and devalues fictitious capital by withholding liquidity — acting formally as the supplier of money but in reality as the crucial universal speculator on the financial market — then such transactions no longer work as planned. The trust in their continuing that was previously taken for granted now disappears. Caution causes prices to collapse instead of rising. If the overall situation is already delicate, it all too easily becomes critical when the state starts revising its monetary and fiscal policies. What is initially a disturbance in the circle of important refinancing operations in the credit industry turns into a crisis when the state starts limiting growth, as the shaper of general business conditions and master of the whole system's ability to pay. Just as excess growth is its doing, so is the absence of growth, a recession.

2. A "review" of its doings, plus the way it deals with the socialization of capital on the basis of constantly growing debt; the self-critical examination it conducts in view of an economic crisis induces the state to do nothing differently, but everything better. It is certainly not about to avoid exploitation or poverty, competition or speculation, labor productivity being equated with capital productivity, etc.

In times of crisis, the calculations of the various actors in a market economy — commercially important players and ordinary private people, big taxpayers and those just laid-off — no longer work out. For the state, this means that its own calculations break down because the country's social characters and corporate bodies stop rendering the services that it has set them up for, that it has committed them to. The fact that it is existentially dependent on these services, on their being continually rendered, becomes a problem. It finds itself looking to the results from more successful times: to accumulated capabilities that it must bring to bear anew.

It is not that the recession has wiped out industry or the internet, wage earners or retailers, or even savings banks; all this still exists. But the crisis makes it clear that all these useful market-economy institutions, including the personnel on duty, are *in excess*. There is an excess, that is, when it comes to their use paying off to the users' satisfaction and to the state's benefit. Which also makes it quite clear what there is a lack of: the decisive yield calculations, which are no longer working. So when the state contemplates its market-economy inventory it automatically focuses on the nation's financial industry. This is the complex where all capitalistically relevant calculations converge; where both real and anticipated monetary returns are transformed into advances, risks are traded as commodities with a market value; where trust in promises to pay becomes fictitious capital, and turnover builds trust. In times of crisis this turns into a downward spiral, crippling the nation's business activity.

At this point it becomes painfully apparent to the state that its efforts to promote a powerful financial center have in fact created a, if not *the*, source of power for all the services it is dependent on — while this power does not simply work according to the state's needs but according to its own interests and the logic of boundless capitalist growth. The state has allowed large companies to collectivize capitalist private property and reproduce this property in the form of interest-bearing legal claims that can be bought and sold. To this end it has adapted its property regime accordingly and put quite a strain on it in the process. It has contributed to the establishment of stock exchanges and circles of debt refinancing with debts by issuing licenses and legal regulations or even being the organizer. Acting separately from its role as the agent for politically socializing the nation's wealth, it has done more than just approve the private socialization of capital. With credit-money guaranteed by law it has funded and set in motion what enterprising merchants do in order to enlarge their enterprises, i.e., create value through speculation. And for its whole outfit to grow it has poured liquidity on the financial industry, which serves and dominates all the other sectors, to the bitter end.

This symbiosis of political sovereignty and socialized private power, realized in the congruence of money and credit, only works as long as it works. Economic crisis ruins it. The creation of value through speculation collapses, in the same circular way it came about. The nation's market economy loses the advance of capital it needs and has long since used up. The state loses the market for its debt instruments where they have been so productive for the financial center and for the state itself. And the liquidity it supplies to its society no longer finds any productive use; not least of all because the state is now attending to monetary value. It now has to resort to precisely this last resource that it can make effective in conformity with the market-economy system: its sovereignty over money. When financial business no longer works, when there is a breakdown in the creation of credit whose success has to justify the state's money as a means of growth, then the state produces ability-to-pay solely through its authority, without any basis in loans or refinancing transactions, without any capitalist growth to match its money production. It now uses its supreme power not merely to create certainty, but to substitute for what loan capitalists are no longer accomplishing by socializing their capital. It "lays down the law" to restore ability-to-pay to the agents of the financial market who are no longer giving each other credit, their own lack of liquidity making each other illiquid. The state wants them to start lending again to relaunch the production of fictitious capital and the advancing of capital for value creation that pays off. In so doing it is reducing the system of capitalist enrichment to its hard core, to money as a legally secured power relation, as a means for the regime of property over work and wealth. In times of crisis that reduction is quite in order, since it is keeping the rule in force that the purpose of this regime is ultimately to serve the state and its people as a mode of production, the system is one of exploiting labor to serve society's material survival. Thus the financial industry retains its basis, from which it emancipates itself in order to make it functional for itself. For that is the purpose of the substitution the state

provides to save its money capitalists' business: to make itself superfluous through that business paying off again.

So everything is supposed to continue — but not simply as business as usual. Economic crisis is a reason and an impetus for the state to take a look at whatever capabilities remain and to review the nation's past business successes and failures to assess the strengths and weaknesses of its business location. It sets new industrial- and trade-policy priorities for promoting certain sectors and letting others die, always according to the motto, we'll come out of the crisis much stronger than we went in! In addition, the state most definitely addresses the question of what went wrong in the nation's financial sector to make it fail to fulfill its crucial function of being the engine of the economy. Critics, who really come to life in times of crisis, will always discover mistakes the speculating world has made. In retrospect it is easy to see where the creation of credit has been overdone, where it has been wrongly granted. And all sorts of vices are now visible, from thoughtlessness to greed, with the courts sometimes even having to prosecute criminal intent. But in times of crisis the state does not deny its own responsibility for the growth of the private economy that it claims to have in good times. The critical increase in monetary devaluation has already demonstrated that its monetary policy and budgetary debt contributed to overheating the economy; its anti-inflation measures were no success story either, so probably came too late. This realization is not too helpful in the acute crisis situation, when it would be wrong to consider debt limits or the stability criteria otherwise to be heeded when supplying money. But for the time after that, when the economy has picked up again and is growing, the agenda is clear every time. The central bank will of course continue to issue legal tender to keep the financial market and companies liquid without any problem. But from now on the crucial thing will be to have the right quantity of money to prevent excessive debt without hampering growth. The same golden rule applies to the national budget. Taxes are anti-growth; the state mustn't live on credit either; what is needed has to be financed, but only what is really needed. In order to achieve this — as the last recession inevitably teaches — the state must not follow the "natural" economic cycles, the ups and downs of growth, when giving financial and other capitalists their earning opportunities, because that would only unfavorably reinforce the respective trend. When steering the economy, as it is always out to do, it must instead proceed anti-cyclically so as to smooth out the curves, in order for business to prosper constantly, in balance and without a break. *Stabilization policy* is the title under which the state will henceforth produce — what else! — the capitalistically necessary excess of growth, along with the lack of it when that time rolls around again.

When the state is so committed to continuing all its actions but doing them *better*, it must be ascertained that, on the other side, it is actually *the business world* that is failing to provide its indispensable services in times of crisis. The market, however right it may always be in principle, does not ultimately take care of everything after all, so politicians must not blindly rely on the productive force of capitalist self-interest. Hence

a crisis reveals that the so excessively productive symbiosis of state power and financial trade does not eliminate the discrepancy between the interests of capital and the claims of the state. A market-economy meltdown makes it manifest that the logic of the capitalist-enrichment system, which establishes an individual private interest as the one prevailing everywhere, clashes with the rationale of state power, which uses this system for the common good, i.e., for the success of its monopoly on the use of force, and establishes and maintains the system for that purpose. So it is no wonder that a serious crisis prompts some *asking about the* system. And it is likewise no wonder *what* exactly is asked. The standpoint of the state is adopted to ask and answer the repeatedly relevant question: What is systemically important and what can go?

The answer is quite obvious from the point of view of the common good, since in times of crisis, material goods, means of production, and workers are present to such an extent as to be a nuisance. Whereas there is a lack of the stuff to give all this material a capitalistic soul: enough profit to make every capital outlay worthwhile, and to make a whole world of fictitious capital safe and satisfied. The consequence is clear, and tells the honest truth about the rationality of the system: whatever is too much — even a vast number of financial derivatives — has to go. What is systemically important are banks, in fact all those key players whose game is to exploit society's work and life process for the requirements of capital growth. These agencies serving the dominant interest and its necessities will thus be saved, even if that means initially acting in a way that goes against the system a bit.

And that is how the crisis is overcome. But of course not the existential crisis of those whose livelihoods are hit when the economic crisis shows there are too many such people. On the contrary, poverty and exploitation are the means of choice when it comes to overcoming the basic crisis. Which is the one that the big players have gotten themselves into with their intensified competition by combining private socialization of their wealth (speculating on debt using debt), on the one hand, with their competition on commodity and credit markets, on the other hand. The capitalists' predicament is overcome by modernizing society, this being invoked as an absolute necessity in every crisis anew. It always means the same thing: making society's work more productive in order to exclude those who perform it from the growing wealth and make their services more useful to the regime of big property. And on it goes.

So the state takes a very clear route when overcoming the antagonism between its responsibility for the general public and the systematic enrichment of the dominant class, when this antagonism comes to the fore in an economic crisis. That's part of its job; that's what it's there for. For that is its route for asserting itself in the other competition, the one between states.

Beyond its borders

1. The state, having learned from foreign trade, is also very much in favor of the ultimate means of competition, the size of capital, not being confined to territorial operations. There has to be international mobility and centralization of capital if the other states in the world are to properly serve a nation's financial power. Money patriotism adds to local patriotism and makes it relative

As the steward of a trading nation, the state has understood and accepted that capital growth at its business location depends on its domestic firms succeeding in world-market competition; on multinational corporations whose decisive weapon is size. The progress its businesses have made in the art of acquiring the size necessary for private business success through the socialization of capitalist wealth has convinced the state of the benefit of a market for fictitious capital and of the productive force of speculating on it, and the state has joined in with its own debt and its credit-money. The result has been an economic growth that goes beyond the limits of capitalistically increased, potent property; at the expense of the stable value of the state's money, and with the consequence of expansion-bound capital producing crises in its country.

The state takes the appropriate steps, being the guardian of its economic location, its money, and its own financial power. It recognizes and acknowledges the need to serve the growth of the nation's capital by giving companies and speculators access to credit coming from all over the world and to investments all over the world. It goes about internationalizing national financial markets: its own, and in return all foreign ones. The standpoint it is adopting for this purpose is that its own nation's money capital should be free, while foreign money capital should be made offers. It gives its own capitalists the freedom to obtain the size they need for their competition for growth, through investment from and in foreign countries, by cross-border buying and selling of their own and foreign fictitious capital. It invites foreign capitalists and money-owners to invest and thereby participate in the growth that arises from the resulting increase in capital size. And it invites them to ask for credit and sell securities to offer its domestic surplus of earned money and accumulated capital power some opportunities for more growth, which will benefit them too. This includes both its own and foreign government bonds. Domestic money owners and credit creators have the fundamental right to make money on foreign sovereigns' financial needs and to augment their stock of state-guaranteed fictitious money capital. And the state offers foreign loan capitalists the opportunity to include its national debt in their portfolios and thus in effect acknowledge it as a safe investment. The state is betting that the mass and variety of securities traded under its supervision — both those from its own country and those from the business of foreign firms — will attract more and more interest of investors

from all over the world. It is betting that the large and growing amount of the world's money capital seeking returns will find them on its financial center and ensure that investments are made and multiplied. Its aim is that every creator of fictitious capital and every speculator with money to spend can be sure to find a business partner, and no issuer of securities and no investor can afford not to be present on such a flourishing financial center. The state pursues the internationalization of financial markets in order for the finance-capitalist circle of growth through size to get under way on its national financial center, for the centralization of money capital and speculative transactions to come about under its regime.

The activists and beneficiaries of the global money-and-credit economy bring about what the state wants and offers them, according to their interest. What they are after is for financial transactions freed from national barriers to be centralized in their hands, to their advantage. They thus critically compare the offers of different kinds and nationalities, by buying and selling them. This is a comparison the states are exposing their own debts and those of their companies to, along with their credit-money serving as a means of circulation on their national market. On the various national credit markets the financial world's practical business decides on interest rates and how money-capital circulating as a commodity is valued. It is guided by the success and expected prospects of success not only of individual firms. Its valuation of government bonds and their price trend stand for a critical judgment on the capitalist performance of the whole business location that a state power rules over and lives on. This speculative assessment reflects successes and deficits of the country's businesses in terms of the conditions the state makes its expenditures to set for them. The result is a national interest-rate level, which firstly determines the price of a nation's economic growth and weights it in comparison to other nations'. At the same time, money dealers form exchange rates between national currencies, doing so simply according to supply and demand. As part of the international financial market, this money trading now reflects the shares of national moneys in the liquidity needs arising from turnover on the global market for credit. What is crucial here, alongside and assuming how a country's credit is speculatively valuated, is how the capitalist quality of the national currency quantifying the value of the nation's capital compares with other credit-moneys. This comparison of course includes the judgment of a currency's quality that is available quasi-officially in the form of the national inflation rate. The inflation rate already measures in its own way the relation between the state's creation of money and how successful credit-financed national growth is. Thus, the course of the inflation rate is a decisive basis for deciding to use a value-losing national money as an international means of circulation for money capital. So issuers, investors, and stock exchange traders plan their buying and selling of securities and use of the various nations' credit-moneys accordingly, being critically selective when employing credit and currencies as a means of making money, as instruments for their competition to centralize financial capital in their hands. On balance, it is quite logical that the national color of the various titles to

property, from the simple bank note to the stock share and government bond, appears to their owners as the source of return on their wealth and the determinant of its true size.

The course and the outcome of the loan capitalists' competition determine how well states achieve the purpose they are pursing by internationalizing their financial markets, a purpose that in practice coincides with the financial industry's interest in growth but is not identical with it. States promote financial business by removing national barriers *in order* to profit from this nationally. They make their borders "porous" to allow freedom of movement for finance-capitalist wealth, to make it easier and safer for the market economy *at* their business location to satisfy its needs for money and profit. They permit and implement the international marketing of government securities, enriching the money-owning and credit-worthy elite, in order to refinance themselves in a cheap and lasting way. They permit financiers and financial institutions to get hold of all currencies according to their calculations, i.e., according to the criterion of the value retention and growth they expect from them, in order to provide their own legal tender with the approval that is needed to make a national credit-token into a usable world money. This contradiction between supranationalism and nationalism in the state-licensed global money-and-credit business is something they cannot get around, and they are actually quite fine with it. Their creation of credit only proves itself as money capital, and their legal tender as reliable world money, to the extent that the international cabal of speculators and industrialists, of traders and investors, make use of this credit and credit-money out of capitalist self-interest.

This mutual-use relationship between nationally ambitious states and international finance-capitalist business opens up in a new and decisive way the mutual-use relationship *between nationally ambitious* states. It is on this level that their interest in exploiting foreign resources for their own location for capital really comes into play, much more fundamentally, massively, and lastingly than trade balances and exchange rates reflect it. A state's position on the international money-and-credit market does not only decide what it is comparatively worth in financial-capitalist terms, how great or marginal its financial power is. The disproportionately large or small share of its securities and money in the sales and growth of this market decides how well a state can use its financial clout to make other nations serve its business location, or if it in turn has to serve others' capital growth. This is decided at the highest level, that of globally active fictitious capital. To be counted among the winners here is what states want to achieve by serving and taking part in the international financial market. For it is not merely a matter of securing the acceptance of their national credit and money on this market, but rather of *driving out* other moneys and securities from the demand of those engaged in increasing the private power of their property throughout the world. States are competing here to appropriate the credit-financed capitalist growth of other nations. They are thus competing for a kind of expropriation that involves not just some

monetary assets or other, but the finance-capitalist source of free-market wealth in the world.

Therefore, they do not leave it to the “free play of market forces” to settle this competition. They see to their domestic capitalism in accordance with the ultimate criterion for success, a growth that establishes a market so attractive that international financial business cannot do without it. The state’s use of its monetary power to increase the mass and rate of profit-making in its nation — this always being the purpose of policies for its economic location anyway — is now not merely aimed at transforming the credit that private and public money creators generate into just capital. It is supposed to sustain credit creation on such a scale that investors and speculators, public and private debtors, and money owners all over the world look *primarily* to this nation’s financial market to pursue their interests or fulfill their needs. This is what the state demands of itself. The purpose is no longer met by whatever might in itself be of capitalistic use. What is now important is that the state promote or even open up business areas that attract the special interest of both bold speculators and savings banks struggling for returns. Examples of such areas are the so-called “tech” sector, or start-ups, so that capitalist fads also come into their own. States are pursuing the same goal with unequal means so it is quite logical that they end up producing a fundamental, qualitative differentiation between nations. This does not merely relate to their internal economic situation, but to their position within the overall capitalist-enrichment system that states have made international.

2. From elementary export of capital to global mergers of stock exchanges — a speculation aimed at subjecting every nook and cranny of the earth to the requirements of capital once and for all — states will do anything if they consider it suitable for counteracting capital’s expansion problems within their country; at the expense of their competitors ...

The model examples of states based on a capitalist economy are “industrialized countries,” so called due to their grand tradition of effectively exploiting the majority of their population who function as the wage-earning class, and in view of the resulting prospects. These countries create surpluses that enable their capitalists and their governments to continue successfully utilizing not only their own country but also the rest of the world. Their firms concentrate the masses of capital that are necessary for establishing branches worldwide and investing in credit operations. That accordingly increases the power of their political rule to create credit-money and use it to fuel their multinationals’ global business. At the same time, the nationally available mass of financial means is an irrefutable reason, makes it practically imperative, for industrial and loan capitalists to export capital, and economic and financial policy-makers to vigorously promote the private export of capital by legal guarantees, insurance

programs, investment aids, public prefinancing, etc. (some of this being called "development aid"). After all, the mass of capital and credit requiring a return in order to be valid market-economy wealth is the result of successful overaccumulation, i.e., it far exceeds all possibilities of expanding within the nation. This excess reduces the rate of profit to be earned in the country; it constrains the growth it absolutely needs. A solution is to consistently expand business to foreign markets. That's what the multinationals do, and what the masters of "industrialized countries" promote. This is how they counteract their own business or national economy growing more and more slowly as capitalist wealth grows.

These countries export capital firstly *to each other*. It is an obvious way for large concerns to try and outstrip competitors in sales and profits, i.e., exclude them from the world market, which takes place above all in such "industrialized countries," and create new, already monopolized markets in the places that are home to the greatest purchasing power, for both goods and securities. Foreign branches are taken for granted as part of this competition; as are investments in debt securities of foreign issuers. At the higher level of the financial markets, stock exchange operators and finance-capitalist brokers and market makers are just as active across borders; they open their own subsidiaries, buy into or take over existing production sites for fictitious capital, doing so everywhere but of course preferably where the turnover is largest. *To* the states — the "industrialized countries" — where these activities start out from, the export of financial means all over the world, and especially to their own kind of states, is the way to turn the excess of credit created on their national financial markets, in their national credit-money, into sound monetary wealth that is available and can be used for any political purposes. This is an opportunity they can't possibly pass up. Their monetary power profits from their finance-capitalist business spheres being mutually recognized, and ultimately also from their nations' stock exchanges being merged, this being the final stage of their career path to becoming international financial centers, offering the speculative creation of credit the biggest conceivable marketplace for its growth. Of course, this may be disadvantageous to states. After all, the competition of financial markets and nations' credit-moneys does not stop. Strong rivals may attract larger shares of the growing turnover than they do. The global concerns' internationalized growth strategies may also cost market shares and jobs in absolute terms. But this must be accepted. What takes precedence is that capitalists are free to make overaccumulated capital productive. And from the higher point of view of the nation's monetary power and its standing on international credit markets, much more importance is definitely attached to rising or falling stock prices of firms busily exporting capital or holding back, than to industries that are not worth operating when stock and bond prices are globally compared.

Other important target countries for exporting capital from the centers of overaccumulation are so-called "emerging countries." They are so called because they do not shy away from competing with "industrialized countries" but actually want to come

off better and better, although they never really finish “emerging.” They cannot get past the fact that the productive force of their credit created autonomously in their own currency fails to meet the growth requirements they are exposing themselves to by participating in the world market. This negative verdict is executed by internationalized financial business particularly incited by the export of capital. It chooses to do business in these capital valorization sites using not the emerging countries’ products but those of the established leading powers of world capitalism. And it does so both at the start, i.e., at the source of the credit, and for its final accounting in unconditionally usable money. In this way, it makes the capital growth in these countries functional, not for their own credit-and-money power, but for the excessive accumulation of money capital from “industrialized countries” to prove itself economically. Which of course keeps this excess growing soundly and makes it crave all the more opportunities for valorization. But that is no reason for “emerging countries” to opt out of the worldwide credit-and-money cycle. On the contrary, they conclude that there is a politico-economic necessity for them to achieve a breakthrough in competing for international investors and speculators to use their autonomously created credit instruments and credit-moneys, and to catch up with the leading creators of world money and credit.

So they are definitely not about to leave it up to purely self-interested, and thus impartial, speculators to settle this competition — any more than the leading powers do. Often they decide to apply their sovereign power directly to promote the use of their money. They use foreign exchange from their central bank’s holdings for purchasing and accordingly increasing the value of their currency in order to make it more attractive for finance-capitalist business. Or for the same purpose they raise the interest rate on money capital that makes use of their currency. Neither of these steps has a really lasting effect of course. The more such market interventions are needed the more expensive they are, and the more useful they are for the other side only. When a country's foreign currency reserves are supposed to give its money the value it does not have qualitatively, on the basis of its being used by international finance, then the state is enriching speculators’ skepticism and not dispelling it. Acquiring foreign exchange becomes an end in itself. When that is the purpose states are using the wealth their economies produce for, it is hardly productive for the growth they are aiming at. This is even more true when it comes to selling off “natural riches,” when a country has raw materials that are in demand abroad. The other method a state can use — to raise the interest rate for using its national credit-money — enriches first and foremost owners of foreign exchange, who only invest in the securities of such “soft currency countries” as long as the interest rate differential works out for them. That is in any case more a burden than a benefit for the nation’s own accumulation of capital. Consequently, the masters of “emerging countries” try above all to achieve a lasting transfer of capital from abroad, by using the power they have over the country and its people to create the conditions for maximum rates of profit. They are pursuing the dual aim of lastingly tying the interests of speculators and investors to their own location and its

“development,” and using the productive capital they have attracted to achieve a national growth that economically justifies the capital applied. That is supposed to end up producing just about the opposite effect, the breakthrough they are after: their autonomous creation of national credit finally being recognized in practice as a convincing source of accumulation on the level of the overaccumulation that “industrialized countries” set standards with, and their credit-money as a reliable material form of the world’s capitalist wealth.

The export of capital to “emerging countries” does have a productive effect there to the extent that capitalists and politicians make their people serve it. It increases the competitiveness of industries, albeit usually only certain ones. This may have repercussions on the economies of the countries exporting their overaccumulated capital. Entire industries in “industrialized countries” might “suffer” from the growing productivity and size of competitors in the target countries of capital export — or might even have relocated there by means of capital export. However, the competitive success that “emerging countries” may have due to the export of capital is not automatically an argument against such export. Investors who put money into such countries make direct gains, as do speculators who bet on corporate and government bonds from such countries for their portfolios. When foreign economies achieve more growth, that is not bad for the countries whose money is working so well there. On the contrary, it is their financial market whose credit creation is being transformed into capital growth there, giving their market the breadth and depth and mass, that is, the power, to do business in the rest of the world. It is their credit-money whose quality is being vouched for as the definitive material form of wealth by the capitalist productive force of all the states it is flowing into. For “emerging countries,” which do not merely pay interest to their creditors but do the service of valorizing excessive amounts of capital for the countries that have provided the bulk of their means of growth and their international solvency, this conversely means that, for all their own growth, they generally remain under the regime of the great financial powers and work for *their* benefit. To them, it is already a success if they drum up enough foreign exchange with their export revenues to service their debts so they remain creditworthy, and at the same time autonomously create credit of their own to achieve a growth that offers the prospect of getting out of the “trap” of accumulating capital in the service of foreign credit. Both sides need and want the transfer of capital from “industrialized countries” to “emerging countries,” the former to turn their surpluses to account, the latter to overcome their deficits. But even when the latter do see this transfer as promising, for the time being it only promotes, at a higher level, the process of unilateral appropriation and expropriation between states that the powerful ones are interested in, and which the internationalized credit industry brings about out of self-interest.

Also drawn into this process are of course the “poor” states, i.e., the ones that do not utilize their country and their people to achieve an investment-worthy cycle of credit creation and capital valorization, and therefore do not even compare themselves with

the major powers of global business. Such countries are by no means released from the global money economy, nor do they at all want out. So they, too, have their money: a means of circulation for domestic use, whose value as a means of payment wherever real capitalist power of disposal is required depends entirely on the state being granted credit by foreign financiers, if this national money has not already been replaced by the use of foreign currency. Whatever foreign exchange comes into the country is generally (real or speculatively anticipated) proceeds from the raw material for capitalist production which is all these so-called “developing countries” might have to sell. This is material that is considered natural wealth because it is no real wealth at all but — at least — can be sold off to bring in real money provided the world economy needs it and as long as it lasts. Such countries also have people to offer, who can be used for procuring such materials and, because they cost next to nothing, for a few other services as well, but not for doing productive business because there is no such thing in such countries. If nothing else, they sell “untouched” nature to capitalists from a clean world, who get to dump all kinds of trash there. Thus, this type of country also belongs to the sphere of unlimited free-market location policy.

3. … so that the masters of the world market end up hardly knowing any difference between competition and crisis and say ‘globalization’

With all their efforts to counteract the constantly escalating disproportion between the mass of accumulated capital and the rate of its valorization by doing business in all the states in the world, the leading economic powers increase and generalize the overaccumulation. This has the problematic effect that its profit rate tends to fall, and it periodically paralyzes its own continuation, i.e., changes into a general loss of value. The starting point of such a crisis is always financial institutions discontinuing credit when they lose trust in their own products and therefore stop financing their debtors. In a world where every last inch has been subsumed under the logic of capitalist overaccumulation, an economic crisis is a worldwide affair. And it logically starts out on the financial markets of the nations whose credit-money has been used to saturate the world with their business and drive it into excessive growth. They are home to the speculators who at some point turn cautious due to unforeseen feedback from the business world, and cut off their supply of money for risks that for a time were welcome as revenue generators. In the capitals or central banks of these nations the decision is made as to whether and when the ever-increasing inflation of the global debt economy might be degenerating into an abuse of their credit-money so it is advisable to be restrictive in refinancing growth and government debt. That is also a decision about which debtors will no longer be refinanced, and not necessarily in agreement with the way the business world sees it. When first-world financiers start propagating their declaration of no confidence in questionable financing, it has consequences that of course also affect the major powers with their deep financial markets and good world

money. They might even have to register a lasting recession. Then a global economic crisis has come.

These states take the setback in their growth in such a crisis as a challenge to their power to compensate their financial institutions' losses with massive credit creation — "whatever it takes" — and speculate on, i.e., work towards, business soon picking up again. That definitely does not mean they stop competing with each other. To them, crises are opportunities to exploit the decimation of their rivals' fictitious capital, public-debt reliability and credit-money value to gain business shares for their own products, which is all they are ever after anyway. Their competition in an economic crisis approaches a struggle that makes it clear how their rivalry involves an ultimatum: it is about monopolizing global financial markets. At the same time, however, a crisis offers a very practical and drastic demonstration of how absolutely dependent the major powers with their monetary and credit power are on each other. Their national money-and-credit creation and their financial markets boosted by it make them, for each other, not just business opportunities that could be replaced, but indispensable business areas, first multipliers of their own national financial power. They need each other as autonomous actors on the global financial market, where they are fighting with the rest of the world and against each other to expropriate foreign money-and-credit creators and appropriate other states' sources of capitalist wealth. So they can't help not only seeing the crisis as an opportunity to push out their partners and seizing it, but in addition, at the same time, supporting their partners' crisis management policies by creating practically unlimited credit and giving them lines of credit that confirm the competition's financial means are internationally valid.

However, an economic crisis makes "emerging countries" feel very negative effects of their function of counteracting weak growth in the home countries of overaccumulated capital and investment-seeking credit. They are usually the ones affected first and most massively when financial means that are needed are calculatingly withheld, and investments that have been promised or made are canceled. Market-economy experts therefore like to identify them as the cause for global business increasingly shutting down. When investors and speculators end their involvements and get paid out in hard world money, such countries lose their credit and possibly their international solvency. For their own credit-money is no longer of interest to the global financial market in a crisis. If they seek refuge in exporting raw materials — assuming they have any — in order to be able to stay in global business, this won't work because of the collapse in demand. For the time being they can forget about their agenda of "developing" up to the level of the leading capitalist powers, attaining a self-financing growth and a money recognized as sound, i.e., used worldwide. Their business partners, investors and creditors shake them out until speculators might consider using them as particularly cheap, promising sources of enrichment again. They compete with each other for the big financial world's attention with the aim of doing better than the others, and maybe better than before, when nations are re-sorted in terms of how creditworthy they are.

The consequences of the crisis are especially clear for countries with no credit power of their own and the most urgent need for world currency, whether meagerly acquired or completely borrowed. They are forced to see that they are economically worthless because — and as long as — they are not needed as suppliers of the global economy. Their economic survival is strictly a judgment call, one that is definitely no longer to be made by the financial industry but by other states.

In an economic crisis, all states are busy using their economic means to pass on the damage to others, at every level of the capitalist hierarchy of nations. Whether it is credit they have at their disposal, or some usefulness that their "financial backers" extract from them, they use it as a weapon by denying it, as best they can and as far as they want to go in a particular case. Thus, their crisis management is not an affair between them and finance capital, but rather a dispute between sovereigns. In seeking to make their peers pay the bill for the general meltdown of capitalist growth, they are, in very practical terms, making each other liable for the damage the overaccumulation of capital causes them when it breaks down and turns into devaluation. They interrupt cross-border trade and lay down terms for continuing or renewing it and thereby assert legal claims against each other. They make claims for services that competing states owe them but fail to provide in the crisis, regardless of whether the other party is choosing not to deliver out of calculation or is unable to fulfill contracts because of the damage it has suffered.

In this way, states confront each other by force with the general condition under which their civil business only takes place at all. This condition only comes up explicitly in connection with their economic crisis policy because it *always* applies, and does not have to be invented for such eventualities. The premise consists of two conflicting principles. On the one hand, sovereign states participate in international competition only for the sake of their own advantage; they concede this to each other. On the other hand, with their sovereignly defined self-interest they participate in business dealings that necessarily create winners and losers, distribute profits and losses unequally, but only work when and because the participants accept that fact. States create a system of competition in order to profit from their peers and win in comparison with them, i.e., at their expense; and they can only be sure of this advantage because, and as long as, they themselves and all the others accept losses and defeats.

This contradiction they are getting themselves into is most readily resolved for the weakest, the "poor" states. They have no alternative to their hopeless position at the bottom of the hierarchy of nations; so they accept its rules and exist on the political credit of the powers that will not tolerate any empty spaces in their world order. For the ambitious "developing" and "emerging" countries, the contradiction between self-interest and the regime of competition is mitigated by their self-defined agenda. They want advancement and are willing to accept their competitive setback due to the crisis as the position they are determined to work their way out of. But in the rivalry between major capitalist powers of the same kind and rank, with their deep financial markets and a world money that can be used unconditionally, that contradiction cannot

be resolved at all. The status they have is incompatible with more than one state having it. A state wanting to be the power that guarantees the credit that is the starting point for capitalist global business can only accept a competing state creating credit if it is a derivative of its own, because otherwise it is not its global business. A sovereign that insists the credit-money it has created is unconditionally valid as the material form of the world's capitalist wealth can put up with practically any quantitative exchange relations between its own and foreign currencies, but cannot accept another's money challenging its own as being the ultimate measure of all capitalist things. When it is a matter of utilizing the world of states for the imperative growth needs of overaccumulated capital between creating credit as the source of capitalist value creation and credit-money as the end point and new beginning of it, then the great rivals' status in the system of competition is at stake. They are facing the alternative of being servant or master of this valorization process. In short, competition between capitalist world powers is competition for a monopoly. Or, to put it another way, these powers ultimately cannot tolerate the contradiction between the regime of a system that involves them accepting defeat, and their right to succeed.

The contradiction does not get resolved. In an economic crisis, where it becomes so obvious, it remains in force in competition existing alongside credit. In some phases it is discussed as a problem under the heading of "globalization," which is intended to mean more than just that there is a world market. That the contradiction actually exists, persists, that it takes the form of an organized system — this is the ultimate achievement of international force. For international force is something the competition of capitalists also needs in the end.

§ 24 How the crisis of capital is mastered ideologically

1. When it comes to theories about the conditions for growth, the causes of crisis, the appropriate services for the government to provide, the pitfalls of speculation, who is to blame, and who are the victims — such theories are tossed off one after the next by economic actors and academia alike

The market that gives the capitalist mode of production its usual name has quite a bad reputation at times. Normally, it is regarded as the place where production and what people want come together in the form of supply and demand in a wonderfully free and easy way, where equilibrium prices ensure satisfaction of needs and progress, and profits and losses get distributed fairly all by themselves. Whoever is successful has acted correctly; whoever is not has "produced without taking market needs into account," "missed market opportunities," ignored the "dictates of the market," at any

rate failed. In times of crisis this is different; not just the situation but the way it is generally perceived. When failures spread "like wildfire," that cannot mean all market participants have acted contrary to the market with their supply and demand, and all-round competition for enrichment is altogether wrong. Especially since economic crisis makes clear how crucial it is for the capitalistically productive class to be successful overall in competing to increase their private wealth. Without the growth that this — normally — leads to, society's material life is paralyzed, the state itself is in huge trouble. The market, this great self-acting regulator, this essential creator of order in the only true kind of economy, must now be accused of misbehaving somehow, of being a mess and messing everything up. The market cannot possibly be right if it has brought about a crisis.

At the same time, it is also obvious in what way "the markets are going haywire" when capitalist wealth starts dwindling rather than growing; and it incidentally reveals a rather more banal truth about this economic marvel. The market is failing to provide its elementary services to those who make it. It is not supplying them with the necessary means for production and doing business at suitable prices and not providing them with the revenues, altogether the ability-to-pay, that all business is calculated to generate and dependent on generating. It is making it too expensive to borrow money for worthwhile investments. Conversely, investments are not yielding the firmly allocated return: there are "dislocations" on the financial markets. Liquidity is lacking for continuing business at all: the money market has "dried up" — that's keeping to the image at least. So there's one 'negative' after another when it comes to the things capitalists need from the world and take for granted they can use. All resources and all needs of life, all capabilities and achievements of society's labor, belong to them, belong in their hands, under the regime of money and business. Not only do they have a license to use all this for their enrichment, their success is crucial to the whole purpose, and ultimately the existence, of the world the way it is set up; thus their success is the purpose of this world. In times of economic crisis this equation no longer works out. Which is a vexing experience for both the market economy's players and its rank and file. It makes them start thinking critically about everything they otherwise take for granted albeit with constant grumbling. When the market economy is looked at from the point of view that it is not working, it seems in all its features to be a multitude of conditions that capitalist enrichment and economic growth depend on.

The point of view that that is what the whole of society has to be there for, and in fact only is there for, is not in any way shaken by the market economy breaking down. On the practical level, the prevailing interest is still in force and recognized even when it loses its means for being realized. And on the theoretical level, economic crisis can only be thought of in market-economy terms as an exception to a rule of well-deserved success that continues to apply in principle even when it fails to apply in reality. Whatever the crisis prompts theorists to look at as a condition for growth — society's willingness and ability to pay for goods and services, the availability of money to borrow

for profitable investments, supply chains and sales markets, state money as a means of business that is liquid and at the same time stable in value, low-maintenance employees and natural conditions, and so on — it is all still defined by the service it is supposed to be performing. The usual pluralistic reflections on this derailed relationship of conditions miss any truths about the nature of this economic system that demonstrates its absurdity in times of crisis. But that is not what anyone is looking for anyway; such reflections instead reveal a lot of truths about how the world is subsumed under the interests of the dominant class. Money is there to be used in the capitalistic way, i.e., increased. People's needs and fears for their survival count as mass purchasing power, i.e., as a means for market success. Economically speaking, nature is simply the price it costs to use up; and so on. The theories of the conditions for growth that blossom in times of crisis consistently end up where they started: as the dogma that capitalists are not merely entitled but in fact absolutely right to relate everything that happens in the world to their own benefit, and measure it and judge it in those terms, even when they are running everything into the ground. Economic realities start conflicting with themselves when they stop serving as the capitalists' means of success. That there might be something like a contradiction in what capitalists themselves do, in the way they make use of the world: unthinkable.

So when it comes to the *reason* for the crises that keep afflicting the market economy, it is clear what the most important thing is. The basis of all reflections is the *absence of the services* that capitalists demand from the world because their success is the *raison d'être* of the world's economic life. From their definitive point of view, what is missing is not simply what they are used to. It is what has to exist by its very nature. They are thus confronted with *disruptions* in the normal, i.e., normalized, course of things. And since nothing is wrong with the business conditions as such, and there is definitely nothing wrong with the use that capitalists have made of them, disruptions must be due to wrong, improper use, to some kind of abuse. This opens up a wide field for thoughts about who or what has been interfering in economic activities. For every business condition it is possible to think of a wrong use or abuse that — alone or with others — has led into the abyss. In the orthodox view, one's own government is a disruption of the market if only due to its uncapitalistic use of money, not to mention its debt; in times of crisis it actually becomes a real obstacle to doing what makes sense and is required. The inherently logical processes on world markets are impaired by foreign powers *per se*, simply because they are autonomously sovereign, but especially with every condition for competition they set. If there is a crisis then they are definitely part of the reason. A lack of ability to pay means the masses have deviated from their economic vocation of being customers who clear the market. They might even be committing the sin of refusing to consume. Trade unions may accordingly cite mass purchasing power to justify their demands for more wages; but they are definitely applying their fighting power at the wrong end by jeopardizing the elementary business condition of labor that pays off. There is also a suspicion in times of crisis that monopolies, especially foreign ones, have

used their power to manipulate competition, resulting in distortions of the market and, in the end, no growth at all. And so on.

What also gives food for thought is that crises are constantly recurring, although each individual case can be attributed to specific causes. One can even observe a regularity in the ups and downs, a periodicity in the crashes. This is an interesting field of research for professionals and laymen. The answers are accordingly complex. The longer people are doing well, the more reckless and high-spirited they get until they lose everything. Human nature cannot be locked into the pattern of a rationally acting *Homo economicus*. When there is too much growth, nature will strike back. And earthly life is altogether full of mysterious regularities that do not stop at capitalism: there are Black Fridays and precarious months on the stock exchange. If you look closely enough you will discover correspondences between economic and astronomical cycles.... There is only one thing that can definitely be ruled out as the cause of recurring crises: that capitalists consistently produce overaccumulation because they are all doing the same necessary things when competing on and for the market, and this overaccumulation involves the inevitable contradiction of eventually requiring that the constantly increased capital productivity be completely reset.

Remarks on the crisis theory of the radical left

The damage that the capitalist economy causes and suffers nationally and internationally when it goes into crisis affects mainly the wage-dependent servants of the system. It affects their livelihood, which has become unprofitable for their employers to pay for. This is quite consistent. After all, the overaccumulation of capitalist wealth that bursts in a crisis is the necessary result of that systematic exploitation of the “factor labor” that already takes its toll on those doing this work in normal times. When the success achieved blows up in the faces of labor’s commanders and beneficiaries, it is logical that the damage to the dependent personnel becomes greater and meaner. It is not that the reasons for them to overturn this mode of production become stronger, but they become more conspicuous. That is one thing.

Another thing is the theory on economic crisis that indignant leftists and militant workers’ parties developed and that still lives on as their intellectual legacy, being revived in times of acute crisis. Here, too, the fact that there are phases when the economy’s success so essential for survival is absent, when its growth turns negative, is perceived as a *failure* of the system. However, these critics are not thinking tautologically in conformance with the market economy — that the economy is failing to perform its task of always succeeding as usual. They mean this economy is revealing that it doesn’t function as a matter of principle, so it will never work in the long run. Such a radical reading is based on the notion, born of moral indignation, that the system is failing to fulfill its real task of providing the hard-working population with a secure livelihood along with regular and well-tolerable working conditions. This is what the system owes its rank and file and keeps failing to deliver, so is ultimately no good for. When it comes to the fact that workers are so obviously victimized by economic crisis,

radical leftist crisis theory does not take this as an exception to the good rule — as self-critical market-economy advocates do, who also see it — but as the truth about capitalism, which in normal everyday capitalism is only hidden and not so noticeable but comes out in times of crisis. The truth is supposedly that the capitalist system unjustly withholds from all its many little top performers what a prevailing mode of production should really be providing and what the honest working masses are absolutely entitled to. Such critics measure the economy against the fine purpose of treating its human material well while their exploitation is the basis for the growth it needs. The fact that this purpose does not actually hold turns it all the more into the great imperative that the system so spectacularly fails to fulfill. And this is not only a moral matter; by treating its indispensable mass base badly, capitalism is not merely violating its real duty, it is undermining the prime condition for it to function and thus digging its own grave, a little deeper with each crisis.

Leftist-revolutionary crisis theorists have worked out how the ultimately inevitable collapse will play out: revolutions take place when rulers can no longer rule and the ruled no longer want to be ruled. As far as the first point is concerned, they have misunderstood the politico-economic necessity of capitalist crises that Marx derived from the contradiction of capital productivity. They see it instead as a constraint of history that makes it increasingly impossible for the system to recover from its intermittent collapses and that ultimately brings about the final crash (August Bebel's onomatopoeic *"Kladderadatsch"*). The chain of repeated crises also takes care of the necessary subjective factor quasi-automatically by successively alienating the masses from the system. Developing their crisis theory further into a model for disaster prediction, leftist parties with revolutionary ambitions opened up hopeful prospects for themselves. The course of capitalism spared them the trouble of trying to persuade their addressees to give up their necessarily "false consciousness" and stop taking the bourgeois world for granted. They could content themselves with picking up on the workers' moralism of repeated disappointments and placing alongside it the edifying idea of the working class having a historical mission, being destined to be the vanguard of the expected metamorphosis of crisis-ridden class society into a society of solidarity. They also had a theory to offer about the reactionary forces using force to counteract this automatism and thus so obviously holding up the march of history. Monopolists were cementing all capitalist injustices with their predominance (which disappointed market economists also consider a scandal) and cooperating with irresponsible, if not deeply corrupt politicians not the least bit interested in democracy in the sense of just rule by the people. Together they were establishing a system of state monopoly capitalism ("stamocap") that was stifling the masses' urge for freedom learned from the misery of economic crises, and that was maintaining the failed system beyond its expiration date. Yet even the fusion of big business and government was of no use to the enemies of historical progress. On the contrary, while Marx explained it was politico-economically necessary that capitalist private property be paradoxically 'sublated' — negated *and*

preserved — under the conditions of private property through centralization of capital, primarily by means of credit, socialist scholars read this as referring to a gentle transition to the socialist socialization of capitalist wealth. (Their reception of the critique of political economy was exhaustive but unfortunately way off.) It was the opposite that real-socialist parties brought about wherever they got the necessary power; their socialism was the planned operation of state-centralized capital.

Outside the parties of the workers' movement and their offshoots, the idea that "capitalism" must necessarily fail due to its self-inflicted crises has been preserved in the ethos of radical "green" protest movements. Economics scholars recall Marx in times of crisis in order to attract attention and advocate more state interference in the economy, of all things.

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The capitalists' practical interest, and the general public's matching theoretical interest, follows the direction chalked out in the above-mentioned explanations of what has caused the crisis. If business and growth are collapsing because extraneous, anti-market forces have counterproductively taken hold of the proper given conditions, then everything points to the *Higher Power* that capitalists accept as the only power before themselves, although they mistrust its uncapitalistic budget management. They call on it to keep everything it has set up in the interests of growth running appropriately. It is the general view and the state power's own judgment that the state's job in times of crisis is to get rid of whatever is disrupting growth, once it has failed to prevent this from happening. It is supposed to stay out of the economy in principle, but in critical situations regulate a deranged market. Where and how that is to be done is obviously a controversial question that is reopened at every opportunity and never completely answered. There is distrust of too much state interventionism competing with skepticism about the market's self-healing powers. These powers can only be relied on again after the state has rescued the engineers of this self-healing with a whole lot of uncapitalistic credit, while this credit creation immediately earns the distrust of all those in the know again. Democratized market-economy minds like to become fundamentalist here and quite quarrelsome, in accordance with the extent of the crisis. In any case, in whatever variant, their thinking once again testifies to the fact that the freedom-based mode of production requires the legal force of an unchallengeable political rule, not only quite generally, but in order to start over again at the level reached when another of its self-created disasters has struck.

This political force is required in any event when it comes to relations with other countries; the insight into the necessities that that involves will be discussed at the end of this chapter under the heading of "Globalization."

In times of crisis special attention is paid, specifically in view of those disputes about what the government is supposed to do, to that particularly important general business condition involving (apropos of the power of capitalist wealth) a more than functional separation between two interdependent interests in capitalist enrichment. What is

meant is the relationship between businesses, which notoriously require more than their own money to compete, and the system of banks, which appropriate society's money and create and lend investment funds according to their own calculation. The relationship between the two is still precarious even in the age of perfected financial markets. In times of crisis their functional symbiosis no longer works. Each one considers itself damaged in a general and direct way by the failure of the other: the lenders by their debtors' failure to generate profit, the industrialists by their financiers' refusal to provide the needed funds. Captains of industry are not the only ones to interpret this refusal as an unfriendly act ultimately affecting the general public. The general public itself, with its critical sensibility for fairness and exploited dependencies, complains that the powerful are overstepping their bounds and destroying the market-economy idyll. The fact that banks have obscure ways of generating fantastic turnovers and profits that just as mysteriously tend to disappear, dragging the honest business of the "real economy" into the abyss, does not open anyone's eyes, at least not the agitated public's. No one sees the interest in unrestrained growth that "real-economy" companies and self-servingly helpful money suppliers completely share, together creating the overaccumulation of capital to the point where it can no longer be valorized. What the crisis reveals to the public instead is a treacherous speculation involving permitted bogus transactions that combine highly complicated mathematical calculations with arbitrariness, and a willingness to take risks with criminal intent. In the end, though, the masters of this financial-capitalist parallel universe actually turn out to be *systemically important*. And this does not cast a bad light on the system, but rather shows that it has to be rescued with a whole lot of state credit, and justifies jail time for those who have failed, as well as bonuses for those experts who are masters of their profession — and therefore maybe of the world?

The way economic crisis is morally interpreted aptly continues the way the causes of the crisis and the government's corresponding tasks are explained. Just as the manifold effects of a slump in economic growth point to an evil intent that must have been at work, perpetrators are now identified. And that requires no lengthy research: there are people responsible and they are known. Politicians at least failed to prevent the meltdown, they allowed its effects, evidently hazarded disaster, maybe even helped bring it about, by negligence or even by self-serving speculative calculation. There are constantly new versions of the same old testimonials about cases of political irresponsibility. In this connection, the dispute between democratic parties has a very productive effect on forming public opinion; less in terms of substance than in terms of the persons found guilty and of how pointed and strong the moral enlightenment is. Sometimes this will radically end in unmasking a conspiracy of the powerful against the people. But guilty verdicts are also rendered for those figures who are somehow always involved in everything: *human beings* as such and in general. With their greed, herd behavior, and other drives having a nasty effect in times of crisis, they are a particularly popular subject when it comes to explaining crises.

The same abstract figures are treated differently in their role as innocent victims. As such they are in any case never blamed for having been compliant. Certainly not the capitalists, who are at the top of the hierarchy of victims as far as they are concerned. At worst, they were somewhat thoughtless, trusting their peers, others in charge, and the circumstances too much and for too long. As for all the rest, any suggestion that their having patiently gone along with everything might be the reason they are faring so badly would be blasphemy, and especially inappropriate when the people — the sovereigns! — are getting their material needs trampled on; so they are the last ones to be criticized in public. Instead one hears theories that the dissatisfied might start rebelling; as a wrong, alarming way to react to a situation that keeps coming over the world, quite regardless of who is to blame, in the form of *hard times*. These are good times for self-help books on how to persevere. One hears blame-placing theories that give the victims license to resent — not capitalists for their business activities, but — the rich for still being personally rich. But one hears a lot more discussions about "social envy." This is a vice of poor people, which is not only improper for Christians but above all psychologically useless since it only makes people even unhappier. Moreover, it is detrimental to social consensus, which is obviously most important when there is no wrong good reason left for it. Instead of thinking sad thoughts, victims of economic crisis are advised to find out how *each individual* can come to terms with *himself* when faced with mounting survival problems — this being the only sensible thing to do when there is practically no other choice. The crisis of the system demands that the powerless look to themselves as the only reliable resource for unshakably hoping for better times as required. And in such times there is no escaping all the instructions on how to succeed at that.

There is also an organized social practice to go along with this. Trade unions look after workers' will to persevere by *fighting* (mainly in public) *for jobs* to replace the ones lost to crisis. They advocate terms that ease the employers' hard lot of undergoing a recession in their enrichment. This the unions only do, of course, in the name of the received wisdom that economic recovery needs mass purchasing power. In any case, they spare the general public the worry about society becoming divided, which the same old theories are always conjuring up by positing that poverty will make a certain section of the population unwilling to democratically join in and go along with everything.

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Economic crisis gives pause to both the major players and the extras in the market economy. Since necessary conditions of survival are breaking down, capitalists discover that their means of competing to dominate the market are one big system of dependencies, and this is also what everyone else finds their accustomed living conditions and habits to be. Not that anyone gets the idea of rejecting the system. Definitely not the players; despite any doubts they may have, they are still certain that their private enrichment is identical to the logic of the overall system and the welfare of state and society. Even though the crisis refutes it, they see its devastating effects as confirming that what matters is themselves as capitalists and nothing else. Those who

are passively affected, the reflective general public, limit their criticism to the diagnosis that there is exactly one thing lacking: successful growth. So they accordingly cling to the imperative that this is exactly what has to be restored! The experience that the market economy not only has its dark sides but repeatedly works against its own conditions for success, endangering and destroying what it itself puts into effect as the conditions for the necessities of life, always only leads to the same wrong conclusion: there is no doubting the equation of capitalists' business interests with economic growth as being the general condition for living. The fact that there is indeed no alternative — it first has to be created — confirms beyond all doubt the dogma that in times of crisis there *must* be an alternative, but it *can* only be — and *may* even only be imagined as being — the one there is after all, quite in keeping with the system. That being to use state force to restore the system.

Free-market thinkers challenged by crisis are firmly convinced that this is exactly what has to be done. *How* to do it is the subject of intense pluralistic thought, which the state, being the force-wielding authority responsible for success, does not leave to laymen, even if politicians and the self-interested business world are always competent enough and have the last word in practice. After all, state power itself is affected by economic crisis; it is called upon from all sides to take remedial action, and owes it to itself to do so too. And because it has given capitalist interests the status of objective constraints, it has academics think about how these constraints work together — without showing any disrespect, that is.

2. Forthcoming

3. "Globalization" tops it off nicely in so far as the upholders of capitalism are declaring the use of their power to promote their local and monetary patriotism to be a permanent agenda necessary for survival[20]

An idea makes it big…

When a word becomes a catchword it starts getting called a concept, but constant use doesn't guarantee that those who use it and consider it so meaningful actually have any concept of anything. When they haul out their clever word they don't start explaining the matters under discussion. On the contrary, a proper catchword signals that one is in the know, sparing the need for any "further" explanation. The word just needs to be mentioned to reap general agreement, making it popular among those keen on making their otherwise so individual and personal opinions seem incontestable. The bad habit of using this kind of shorthand to avoid giving reasons or explaining and to knock out any such attempts by others has given catchwords a bad name among the more inquisitive. To those who sometimes want to know more about something, throwing catchwords around is a dishonest way of having a discussion. It conjures up necessities without giving any proper reason for them, demanding they be generally recognized

even though they are not at all as necessary as the bandied-about catchwords would suggest. Behind them are intentions and interests that deserve anything but recognition and should be looked at more closely.

The catchword "globalization" has been spared any such suspicion. Intellectuals at editorial offices and universities readily use this "concept" as an argument, and are not known to accuse political or business leaders — the makers and shakers of democracy and the free market — of merely using their "globalization" talk to justify what they are doing and planning anyway but for different reasons. Since governments and leading industrialists started badgering each other with warnings, each demanding that the other face up to the challenge called "globalization," a considerable amount of literature on the topic has also appeared:

Some thinkers, accustomed to devoting their theoretical efforts to worrying if the state and the economy will be successful, have promptly taken up the message that there is a new "situation" that politicians and industrialists have to deal with. Right away they know all about this historical phenomenon with consequences that the business world has to fend off and that no political leaders can evade. They get busy describing everything "globalization" might involve — some discover "the emergence of worldwide markets for products, capital, and services"; all of them are amazed at how money gets shoved around the globe in "fractions of a second." No one forgets to warn about worldwide pollution (which also spreads in a jiffy), since the nations causing most of it can't manage to keep it under control properly. Children's toys are made of Chinese plastic instead of local material; and millions of people are not staying put where they happen to be born but hying themselves over to foreign countries; and so on. For rounding out the picture of "globalization" drawn by numerous authors with all their examples, however, they never fail to get back to the message they want to send. The phenomena they list stand for just so many problems that governments cannot readily cope with; they are confronted with the concentrated power of "global players" that they are dependent on, that they don't have under control; at the very least, governments run the risk of "losing their economic and monetary authority through the globalization of private industry"; and nowhere to be seen is any "global governance," a way of responding to the global players' machinations, which "in any case cannot be undone." Which doesn't stop globalization pundits from advising politicians to react resolutely to globalization and prove their mettle. For then it could also represent an opportunity.

Others begin where those telling stories about events on today's world market so unfailingly end up. They share the diagnosis that economic internationalization is causing "nation states" a heap of trouble. But they are just as convinced that globalization isn't something that "can be halted or even turned back as one pleases" — after all, the successes of big and the much vaunted middle-sized business alike are obviously based on profitable exports and imports as well as worldwide investments. These thinkers also proceed on the assumption that nation states are very much interested in these successes, so they count on politicians following their advice to use

their power to meet the requirements of globalization. So this gives rise to a second type of globalization literature, one that considers all the proper responses to this striking phenomenon, predicts the problematic consequences that “society” cannot escape, and advocates adjusting, adapting, rethinking, and that sort of thing.

Sociologists and social philosophers expect businessmen to prepare their companies for “globalized markets.” They expect politicians to attend to their mandate to govern the country qua business location so as to make it stand up to the pressure of globalization. The various measures involved, while being reported in the newspapers, are hardly something that authentic social thinkers see any need to explain. They are more interested in how this changes “society,” whereby they define “society” as a more or less stable coexistence of people who behave and relate to each other in accordance with norms and values they have in their head. And on this level, globalization has many an effect in store that will be decisive for the “future” and “stability” of “society.” So people will have to adjust, many a value will be lost, new behavior is required, and relationships will be governed by modern means of communication. This calls for deep reflection: what shall we do about the alien and global values descending upon us? What if they conflict with our local and regional traditions that we are entrenched in and that give us a feeling of familiarity? Will the jobs we have learned still have a home in the digital working world, or will we have to take our computers and chase after jobs that, along with their requirements, keep changing every day? And what will we do with our mobility and our computer literacy if globalization — as they predict — can’t employ us at all? Will we keep ourselves busy or just be preoccupied with ourselves? By realizing the dreadful fact, for example, when choosing between Chinese sneakers and good old locally made shoes, that “global communication and information systems are not without influence on the various national and regional cultures, occasionally altering them right down to daily habits”?

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When scientific publications can no longer be distinguished from school essays or driveling political speeches at public ceremonies, as is the case here, then the campaign promoting proper respect for globalization has done its job. This idea has become accepted, as ideas do when they spare people the outrageous prospect of essential changes being made. The changes that globalization theorists talk about have long since taken place or are already underway anyway. They are being diagnosed, with occasional mention of who is responsible for the enormous upheaval: the process of globalization is “to a great extent the result of decisions that states have made in the past and are still making. It is the governments that have been gradually tearing down the bulwarks around their economies (liberalizing foreign trade).” The *purpose* of the enterprise may actually have been for a lot of companies to start going international with their business, buying and selling, investing, merging, and so on. Not that globalization theorists don’t know that, but it just isn’t important for the considerations they are intent on circulating. They do not go about explaining the calculations that come into play on the

modern world market so as to shed light on how governments and capitalists interact and get in each other's way. Their focus is not on the laws governing the production and distribution of wealth around the world that are made binding by governments bent on foreign trade in commodities, money, and capital and by capable businessmen's calculations. They fully adopt the opposite point of view, putting themselves in the position of those running the world economy in order to confirm that those major players are affected by worldwide "integration." That's why the diagnosis made by way of this catchword regularly leads to the concerned recommendation that state and capital better watch out for themselves seeing as how dependent they are on the course of global business. Giving themselves the air of neutral observers, globalization thinkers discover that the world market is actually a market and thus a competitive affair, in which the efforts of companies and nations do not complement one another — that kind of "dependency" would be a fine thing — but rather take the shape of growth measured in money and exclude one another. And this outstanding discovery is declared the very newest and last objective constraint of the millennium as it draws to a close. So merely mentioning the catchword "globalization" is intended and understood to be the demand for only one practical consequence: companies and states that make the whole world serve their interests are under enormous pressure — after all, they could lose out in the competition — and are forced to make sure they are competitive. Quote: "But in an extensively liberalized world there are not only the commodity and labor markets, but even whole states competing against each other as production sites due to [?] their different social and societal conditions. For that reason Germany too is discussing whether it is actually competitive as a national business location…" Unquote.

It is strange all right. At last there's something truly new happening in this world of capitalistic profiteering with its charming contrasts between poverty and wealth, labor and command, that we all know and love so well. A veritable upheaval has unfolded before our eyes — with globalization filling the void left behind by "imperialism," which made its exit long ago. And what follows from all this? The makers and shakers of democracy and the free market are now finding that the globalization they went to such trouble to develop is a regime that knows no freedom; the brave new world imperiously forces them to stand up to international comparison. And in order to assert themselves in their dependency they have to do just about exactly the same as they did to succeed before this turning point in the world economy at the end of the twentieth century. That hurts, but can't be avoided. And then there are the many walk-on extras in the world economy who are in turn dependent on whether their nations and the business world succeed. These people are also the responsibility of the business-location guardians and employers, as the means and the victims, that is, the appendages, of their competitive efforts …

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It quickly became clear to politicians and leading businessmen how useful the new ideology is. After all, their job isn't merely to make decisions. They must always also be

sure to inform the rest of the world — which their decisions always affect — of good reasons for the way they use their political and financial power. And this “globalization” catchword hands them a reason that plays down their being in charge of everyone’s living conditions, allowing at best the demand that they do “their job” well. It’s a reason that does away with any discussion of the basic ways capitalists deal with labor and the government calculates with money and power, by turning those who exert political and economic control into mere executors of an objective constraint that they are at the mercy of. It’s a reason that makes them seem as stalwart as Martin Luther (there he stood and could do no other, as the quote goes), by hiding the *purpose* of making money at others’ expense or increasing political power behind the *method* of competing. A reason like this is catnip even to the dumbest politician or industrialist who can otherwise only tell the difference between plus and minus; it is something like the master key for justifying whatever measures the managers of state and capital think of implementing. Ever since the catchword caught on, absolutely everything has taken place as a reaction to globalization, from wage and spending cuts through privatization to the launch of a new European currency.

… and procures its material

From a logical point of view, subsuming every capitalistic affair under the pressure to compete is a clear case of abstract thinking. But nobody cares about that; certainly not about such thinking showing certain defects when it comes to explaining the world market and what its movers and shakers do. What abstract thinking is unpopular for is failing to be “concrete,” which educated people nowadays take to consist in adding a collection of examples to their catchwords for everybody to get an idea of what is meant.

In our case, for example, it might have caused misunderstandings for globalization pundits to simply pronounce, “The world market where we are active is dominated by competition!” This might not have been met with the desired response. Instead of unanimously saying something like, “Well, if that’s the way things are, then there really isn’t any alternative, is there,” inquisitive young people might actually have asked, “So, what is your competition all about then?” And found the answer that competing is pretty much the opposite of international “cooperation” and “division of labor,” being only the form taken by the unpleasant business of making money at the expense of other people and nations. Yet in our case this didn’t happen, since young and old willingly accepted the “globalization” catchword and the flood of examples going with it. The latter “concretely” demonstrate to the public what exciting upheavals it is witnessing to make it realize what uncertainties globalization is causing, what difficulties those at the top have to contend with, and how many secondary objective constraints globalization has meanwhile produced. So, in the end, everybody, whether banker, intellectual, or unemployed voter, fervently hopes the world economy will somehow be gotten under control. Who this is up to is not the question. The responsibilities have been allocated; but will the job be done responsibly enough?

a) Every study on globalization sees a need to start off by playing the song that will shake citizens up quite a bit. Its lyrics tell of globally active capital that defies control by the political power restricted to its national territory. “Diminishing government influence” is one of the duller ways to put it. Somewhat more jarring is the finding that the state can no longer fulfill its tasks and there will actually be no more room for democracy and participation of the people when the economy is run by multinationals. Not that this is meant as a critique of the system like that heard a few decades ago; it expresses concern for the nation’s well-being. Some see the problem arising from globalization as being really urgent, warning that the state is gambling with its sovereignty. This hits home, and is what people get for consistently disregarding the symbiosis of business and state power in a market economy. When globalization theorists get down to their business they become quite indifferent to everything they are actually well aware of. Certainly, nobody need tell them that states have exercised their sovereign power in “paving the way” for domestic and once-foreign companies to go global. Nor would they find it eye-opening to hear what the purpose of market-economy internationalism is — to achieve growth by earning money in and on foreign countries. And they have definitely not missed the fact that the governments of market-economy democracies enjoying “leading industrialist nation” status have already been quite sovereign in implementing their budgetary, monetary, and economic policies exerting plenty of “influence” on what happens beyond their borders. So when people are spreading the myth of states *being powerless* there no point reminding them of what “nation-states” have achieved when it comes to creating and utilizing the world market.

For even though the ideologists of globalization like to exaggerate when portraying the world market as an arena where big business goes about its free trade as it pleases while condemning governments to respect its concerns — they are not that serious about it. They are not out to construct a critical theory of the global economy claiming that states no longer play any role in the movement of capital operating between nations, much less are supplanted by it! On the contrary, they are depicting the predicament the global economy puts the state in, just to show up the necessities of government action that worldwide "interconnection" requires. They inevitably end up providing their chosen state power with recommendations for how to make use of its power. One thing they take for granted is that it must groom its country qua business location to be "competitive." Another is that it has to vigorously interfere in other nations’ government affairs — which globalization gives them an incontestable right to do.

The advantage of a limited perception for theorizing is not inconsiderable. People who look at the contemporary global economy and content themselves with noting that competition “prevails” have obviously made up their minds. First of all, they are in favor of every country’s capitalists trying to achieve business success at home and abroad; this if fine because such success results in the growth that jobs and prosperity depend on all over the world. So it’s not even a problem any more to talk of capitalism — why deny something when there is no alternative? Secondly, they are in favor of the states in this

world also “living” on this business success themselves, doing well to clear away barriers to business in the interest of their own power. This is to be underlined with the tired phrase that once the economy is internationalized there is no way back. Thirdly, they are in favor of states making sure the cross-border accumulation of capital yields enough for their own accounts and budgets — thereby putting themselves in conflict with their peers as national capital sites. Fourthly, they are in favor of their favorite nation doing everything to minimize the risk of coming up the loser. The risk of falling behind in the competition of nations should the proceeds of the globalized economy end up with other contestants is something that *advocates* of globalization energetically describe. Their next step is to call even more energetically for politico-economic nationalism (without needing any theory of imperialism). Seeing no reason to be embarrassed — after all, the competition they are so taken with is simply there as an “objective constraint” — they recommend imperialistic practices.

b) People who know their way around the dialectics of globalization’s risks and opportunities are filled with an ideal that they demand their nation make come true. Politicians must see to it that capital’s doings around the world go off smoothly, and that its resulting business success coincides with an increase in power for their favored nation(s). Those who so knowingly embrace the success of utilizing the world market will not only take exception to the competitors with their parallel efforts. The national cause is also threatened by another camp, a very powerful one created by “Capital International.” We’re not talking about a few billion people who have been turned into the dependent variable of global growth and have plenty of good reasons to get rid of the market-economy regime. No, we are talking about the finance capital that is pushed back and forth at a profit between all the nations. This branch of the market has raised suspicions among fans of the globalization idea on a number of occasions — i.e., whenever its business takes a nosedive. So the explanations one finds of the markets that trade in nothing but money and debt have been just as lame as those of the rest of capitalism.

Warnings about this sphere likewise revolve around the experience of helplessness that the directors of the market economy have to endure. However, it is not what finance achieves that causes their distress, unlike what competitors achieve. It is when investors of money capital and their trading in currencies, shares, and derivatives happen to fail that finance injures upholders of the national economy and their interests. When it comes to finance capital, globalization theorists agree from the start with economic policymakers and industrial managers that they are faced with an indispensable service, which only comes about by profit-yielding papers and computer-expedited orders working out as calculated. When a few banks go bust, a stock exchange crashes, and a currency gives up the purchasing ghost, then they know the score the other way around — they are very much affected and start getting quite critical due to the effects on their own shop. This has its comical sides, since those supplying the international credit

business with items to trade, and briskly participating in it, are complaining about what these "markets" are doing to them:

- Some jumpy exchange-rate movements that mess up a nation's foreign trade will already have financial policymakers grumbling that "purely speculative" movements are causing their monetary power to be wrongly valued and/or undermining their nation's competitive position. These critics are the very same people who are continually "creating money" officially for their nation and having the ominous "markets" test this national credit, who are thus speculating on their speculation and, when they win out, brag about how trustworthy and strong their nation and its economy are. Here, too, success proves who is right, and failure proves that foreign agencies and illegitimate interests have been at work.
- When things get shaken up more thoroughly, as in the currency crises of the 1990s, criticism gets more biting. Statesmen and bankers, journalists and industrialists, who would never allow one harsh word to be spoken against capitalism, start railing against "casino capitalism." It is beside the point that governments, banks, and big business have been contributing to the disaster in more than one way — as suppliers of the stuff for the casino to speculate on, and as powerful "institutional" investors with their "puts and calls" that are out to weasel as many millions out of the casino as possible. The last thing anyone would mention is who it is that vests these unpredictable markets with the power to make decisions that mess up entire national accounts. The only thing they find worth pointing out is the disastrous effects that unleashed speculation can have on future business as soon as speculators start withdrawing their favor from projects the government, industry, or financial investors are pursuing.
- Globalization theorists worry just as much about the troubles besetting capital and state due to the dangerously unpredictable international financial markets as they do about the competition. And just as their analysis of that "objective constraint" failed to inspire them to call for worldwide national capitalism to be abolished, their look at the credit trade hardly makes them want to ban it either. They don't spare a thought about the nature of this business, which is based on a license to make money quite separately from any production. All they want to do is recognize its function as being indispensable. It is clearly possible to endorse what a credit-amassing sphere achieves for competition to function without even specifying how it works. And when it comes to what it "bungles," resulting in economic crises that disrupt the general course of worldwide business, globalization fans have a quite childish way of describing it. First of all, there is too much interest-seeking credit going around, because, secondly, modern means of communication make things go too fast.

The effects of the globalization debate

There is one advantage to thoughts that show concern for the practical difficulties plaguing the economy and the nation in their efforts to be big and strong on the world

market. No matter if the assessments are well founded or not, they are recognizable efforts to contribute to the success of the projects that are being pursued. Such thoughts will definitely be understood.

But they also have a drawback. Merely corroborating calculations that those in charge are already making themselves, merely drafting strategies that are already being pursued, makes them superfluous.

However, business and political leaders do not reject well-meant offers just because no one asked for them. Sure, the makers and shakers don't need hundreds of publications on globalization for such initiatives as grooming their nations as sites for capital accumulation, confronting competing nations as imperiously as they can afford to, making common cause with the competition in the IMF and elsewhere to watch out for market aberrations, establishing a bit of world order. But if the politicizing intelligentsia is wasting so much paper on how capital and state are to succeed, seeing their fate as hinging on how they respond to globalization, then the matter can be turned around. Then every economic rationalization and merger, and every international act, from launching a new European currency to waging a war, can be called a response to globalization.

Translators' Notes

[i] A nod to Lenin's *Imperialism, the Highest Stage of Capitalism*.
[ii] German Federal Cartel Office [www.bundeskartellamt.de/EN]
[iii] *Gesetz gegen Wettbewerbsbeschränkungen*, semi-official translation from the German Law Archive https://germanlawarchive.iuscomp.org/?p=820#1
[iv] German Federal Cartel Office, op. cit.

Authors' Notes

[1] Chapter I, *The elementary determinations of capitalist business: Social production for private profit*, appeared in GegenStandpunkt 3-17; Chapter II, *Accumulation of capital: Expansion of production and commerce*, in GegenStandpunkt 1-18; Chapter III, *Increasing growth: The productivity of capitalism*, in GegenStandpunkt 1-19; § 12, *The dogma of growth as the good purpose of all economic activity, and the solution to all the problems it creates*, in GegenStandpunkt 4-19; § 18, *Success alongside failure, the standpoint of real and imagined victims & beneficiaries as an opinion-forming productive force*, in GegenStandpunkt 3-20.
[2] When their term of service comes to an end, top managers can expect a seat on the board of directors — that, too, an office taken out of the complex figure of the simple capitalist, which oversees the management's link back to the shareholders' private property and to their demands on their company.
[3] Managing all such risks and constantly expanding on them, constructing and marketing ever new derivatives, is something the banks have made their business as the established custodians of society's financial assets and as professional money creators. They do so both as trustees of other people's property and for their own account. For handling this speculation

soundly and safely, it is an essential business condition to have absolutely available financial resources allowing failures to be compensated or bridged. Recourse to the financial market for refinancing commitments must in any case be guaranteed, but this is not enough. What is needed is an entirely in-house capital base big enough to convince critical financial markets of the institution's unquestionable solidity for any sum that may be required. This requirement is a separate reason for why banking-business big-timers usually operate their trade as joint-stock companies, i.e., with the collective capital power of a majority of money owners.

[4] Under the extreme conditions of overabundant monetary wealth in search of interesting investment opportunities, and of special success stories that are recognized as valid paradigms of capitalist enrichment, speculation can also completely abandon the point of view of solid sales and realized profits. It can massively inflate the stock-market value of companies without at least some medium-term prospect of profit to justify it and, under the peculiar rubric of 'venture capital,' finance projects whose capitalist earning capacity is no more than a hope, appropriately labeled "start-ups." Even though this sort of thing has faithfully accompanied the history of capitalist speculation since the historic Dutch tulip crisis, fans of the scene like to think they have kept reinventing capitalism this way, nowadays a "new economy."

[5] Ultimately, ownership has the final say about the capital that has to wage its competitive battles on the market. It is true that no shareholder can detach his ownership share from the company and take it home with him. But the community of owners can, with the necessary majority, take the company private altogether, they can break it up into parts and turn them into money, etc.

[6] Sections 19–22 of Chapter IV, "Growth through centralization of capital: The competitive struggle to overcome competition," appeared in GegenStandpunkt 2-21. An overview of the chapters and sections of *Competition of Capitalists* can be found on the Internet

[7] This is a summary of the services rendered by the "state as promoter, user and guardian of the credit system" "within its borders," in the interests of constantly increasing the productivity of capital, as presented in § 17.2 of chapter 3. Originally published in GegenStandpunkt 1-19, pp. 59 ff.

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[20] From GegenStandpunkt 4-99, p. 77, "'Globalization' — The World Market as an Objective Constraint"